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Managing Change, Transformation and Enhancing Competitiveness: The HR Role

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ABOUT THE JOURNAL

The National HRD Network publishes a semi-academic quarterly Journal and each issue is dedicated to a specific theme.

The Journal publishes three categories of articles:

Conceptual and research-based

Contributions from thought leaders including a limited number of reprints with due permission

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Organizational experiences in HR interventions/processes

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From the Editor

I feel privileged to be asked to guest edit this issue of the NHRDN Journal. The theme chosen for this issue of the Journal is "Managing Change, Transformation and Enhancing Competitiveness: The HR Role". HR is described by some as a support or a staff function, as a business partner by others; often by some as a function aspiring to claim a "seat at the table". To me, HR is much more than any or all of this. HR is an important player in the business and a key dimension of the HR role is to enable the enterprise to manage change, transformation and enhance competitiveness. We have numerous examples of HR professionals who have demonstrated the ability to be key players in driving business strategy and enhancing value creation.

In putting together the papers for this Journal, my attempt has been to showcase HR as a key player in the business, just as integral as Marketing, Finance, Supply Chain or Operations, and in this process, to demonstrate that HR has added enormous value to the business. When HR professionals see their role through the lens of the strategic challenges of the business and not just from the lens of the people dimension, then things change dramatically for HR.

In order to examine this theme from different perspectives, I requested eminent personalities, widely respected in their fields, to contribute papers to this edition of the Journal.

Four very successful and admired CEOs have shared their perspective, through extensive interviews, on change and transformation and the role played by HR in this process. Two globally respected academicians have shared with readers of the Journal their perspective on HR and its role in managing change and transformation. Six HR leaders of Indian companies spread across sectors, have shared their real-life experience in managing change in their organizations – case studies that provide very meaningful insights to our readers. Two papers focus on how global companies need to 'localize' for growth and what global companies with Indian parentage need to focus on, in order to grow successfully in global markets.

Three papers focus on business in Brazil and China, amongst the fastest growing economies in the world today – what can we in India learn from how business is managed in these countries?

As a 'senior citizen' of the HR profession, I am delighted that there are several young HR professionals leading the function today at the apex level – HR leaders of the post- liberalization era. They have a take that is different from what we believed was true ten or even five years ago. We are delighted to have eight of these young HR leaders share their insights with us – in a sense this represents the HR view of the future.

Another very interesting feature is a survey that we conducted for this issue of the Journal amongst 100 young HR professionals – those who have spent between one and five years in the profession. Their views give us an idea of what the future generation of HR leaders believe are the challenges for HR. More importantly, this study gives us an insight into the aspirations and concerns of young HR professionals working with us. This will hopefully help us respond to their concerns and aspirations with a better understanding and help them unleash the tremendous potential that lies within each of them.

My grateful thanks to all those who have taken the trouble to contribute papers to this edition of the NHRDN Journal. They have worked painstakingly and met difficult timelines, despite their numerous other preoccupations.

I sincerely hope you will enjoy this issue of the Journal.

Anand Nayak

ACKNOWLEDGEMENTS

Several people have worked painstakingly and contributed to this issue of the NHRDN Journal. I would like to express my deep appreciation to all those who have contributed papers to this issue. They have met difficult timelines despite their numerous other preoccupations.

Several others have worked tirelessly behind the scenes to make this issue possible. I would, in particular, like to express my appreciation and say a big 'Thank You' to my valued colleagues Soumita Anand, L Prabhakar, R Sridhar, Sajiv Nair, Amitav Mukherji, Mamta Pandey, Marianne Gonsalves, Sabrina Alphonso and to Dr P V R Murthy, Marcel Parker, Ashok Pillai, Sunil Bijlani and K Ramkumar.

From the Managing Editor

Dear Readers,

The National HRD Network has been publishing a semi-academic, theme based, quarterly Journal for the past four years. The Journal compiles and publishes the views and experiences of academicians, HR professionals of repute, CEOs, researchers and others on each theme. Through this Journal we aim to create and build a body of knowledge in different facets of HR, not easily available to HR professionals. Over 300 eminent authors have contributed papers to the 23 issues of the Journal published so far.

The Journal is made available to all members of the National HRD Network to stimulate their thinking and enable them to enhance their professional development. Some of the themes covered so far include Performance Management, Organizational Change, Learning and Development, Leadership, IT in HR, Attracting and Retaining Talent, Global HRM, Women in Corporate Leadership Roles, Institution Building, Coaching for Performance, Work-Life Balance, Employee Relations, Getting HR Ready for Gen Y, CSR & HR, Shapes and Structure of Organizations – Today and Tomorrow. The current issue (July 2012) is on the theme "Managing Change, Transformation and Enhancing Competitiveness: The HR Role".

This is your Journal and can be enhanced with your qualitative feedback on issues brought out so far; your suggestions on themes that can be covered in future issues and any other suggestions that would help enrich the quality of the content.

I would appreciate if you could e-mail me your thoughts and suggestions to drpvrmurthyresearch@gmail.com.

Dr P V R Murthy

"Everybody has accepted by now that change is unavoidable. But that still implies that change is like death and taxes — it should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm."

— Peter Drucker
Management Challenges for the 21st Century (1999)

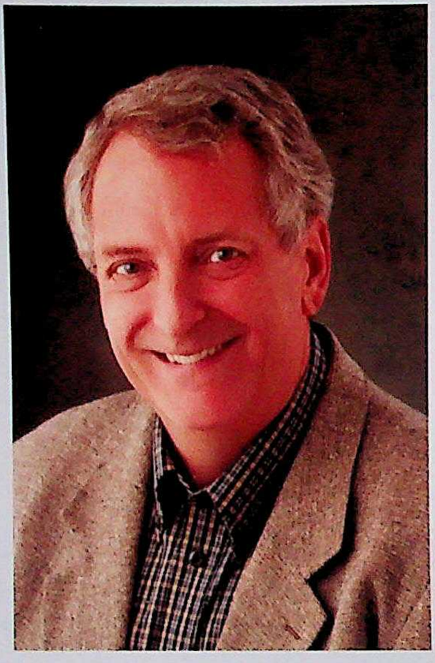
MANAGING CHANGE AND TRANSFORMATION

- A Perspective from Academia

In this section of the Journal, Dave Ulrich and Hayagreeva Rao provide us with an academic perspective of managing change and transformation and leveraging talent management as a source of unique competitive advantage.

Dave Ulrich shares some very interesting insights on change and then goes on to suggest how HR professionals can become change champions. He speaks about what HR professionals need to do to create an accepted, shared and widely used process to implement change in an organization. He describes how, as change champions who drive and sustain change, HR professionals need to make sure that change lasts, by implementing sustainable disciplines into their organization. Dave Ulrich outlines seven principles of sustainability that HR professionals can master to make change stick and last.

Hayagreeva Rao suggests an approach to talent management that encourages HR professionals to take a lead role in enabling organizations to exploit complementarities in the talent system, in order to leverage talent as a source of unique competitive advantage. In contrast to alignment that emphasizes fit and consistency among sub-systems, Hayagreeva Rao suggests that complementarities direct attention to momentum – investment in one domain stimulates quick change in others. He uses the Facebook example to describe the potential of the RIDDLE framework, that helps align six talent levers to create complementarities. Hayagreeva Rao emphasizes the role of talent analytics in leveraging complementarities and how rigorous data analysis ought to provide the impetus for designing the talent architecture.



Dave Ulrich, a globally renowned management "guru" is Professor of Business at the Ross School of Business, University of Michigan and co-founder of The RBL Group. Over the years he has been amongst the most sought after management consultants and has helped many leaders build their personal and organization leadership brand and helped organizations align their culture with customer expectations. He has authored and co-authored 23 books on human resources and leadership, including his latest work, "The Why of Work: How Great Leaders Build Abundant Organizations that Win" (2011).

His other books include Human Resource Champions; the HR Value Proposition; HR Transformation and HR Competencies. In 2011, Thinkers50 honoured him in their definitive list of management thinkers and rated him amongst the 50 Most Influential Management Gurus in the world. Under his leadership, The RBL Group engages in ongoing research globally, tracking trends in human resource management and the role that HR plays in managing change, transformation and enhancing competitiveness.

Dave Ulrich worked along with Wayne Brockbank, Dale Lake and Jon Younger to write this paper for the NHRDN Journal.

Change Insights and HR Implications

Dave Ulrich, Dale Lake, Jon Younger, Wayne Brockbank

There are literally millions of books, articles, studies, and theories on change. Collectively, as authors, we have over 120 years of experience studying and applying organization and personal change. Over the years, we have been privileged to work with some of the most thoughtful and relevant thought leaders in the change field. As we cull through this body of work, we propose the following 10 succinct insights on change that shape how HR professionals become change champions.

- **Change happens**

  The pace of change is rising exponentially. Change occurs in every part of our personal and professional lives. Fueled by technology, we see increased globalization, customization, political and regulatory reform, economic swings, information flow, customer/employee expectations, aspiring leaders, and organizational transformation. Individuals face an ever-shorter shelf-life of knowledge as change emanates from new knowledge made more accessible through the internet. Organizations also go through dramatic change. Of the original Fortune 500 in the United States in 1955, only 70 companies exist independently 56 years later. From 2000 to 2010, about 50% of these large, seemingly stable, companies have disappeared. Obviously change happens in our personal and professional lives.

HR professionals need to help their organizations face, accept, and be open about the pressures for change rather than hide from them.

Change requires response

Organizations (and individuals) have varying abilities to respond to change. If an organization cannot change as fast as the pace of change in its environment, the organization will fall behind, decline, and disappear. The organization change should at least match the pace of change of the environment. Gary Hamel suggests that managers have to continually ask: How do you build organizations that change as fast as change itself?

HR professionals architect and design organizational agility, flexibility, and responsiveness to external changes. Indeed, some suggest that "built to last" should be reframed as "built to change."

Most changes fail

There are a lot of statistics about failure of personal and organizational change. At a personal level, 98% of New Year's resolutions fail, 70% of Americans who pay off credit card debt with a home equity loan end up with the same or higher debt in two years. In another recent study, researchers found that of $40 billion spent each year on diets, 19 out of 20 lose nothing but their money. Marriage counseling saves fewer than one in five couples on the brink of divorce. Only 25% of those who have experienced heart attacks sustain behavioral changes. Overcoming personal struggles like eating disorders, depression, or anxiety also have low long-term success rates. Even faced with such daunting statistics, some alcoholics, drug addicts, and depressed people change. We are left with the question (which we hope to answer in this paper) why do some people change and others don't?

Organizational changes are not much more successful. 20 to 25% of initiatives (eg. quality, customer service, reduced cycle time) are successfully implemented; most corporate transformations start with enthusiasm and end with cynicism; leaders' tenure in top jobs has consistently fallen.

Once again, however, some organizations transform themselves and their respective industries. IBM, first an office machine company, then a computer manufacturer, is today an information technology services giant. Since 1971, Southwest Airlines has continued to reinvent themselves and been profitable every year. Viterra has evolved to become the largest Canadian owned agricultural company from a small provincial cooperative carrying $1.5 billion in unsecured debt. Nokia was originally a maker of rubber boots. In recent times, Apple reinvented the categories of mobile computing and infotainment with the ipod, iphone and ipad.

HR professionals have to face the challenge of change failures and work to improve these bleak numbers, which means diagnosing why changes fail and learning from failures and understanding the context in which change lasts or fails.

- **Change matters**

  Leaders and organizations that change succeed. In leadership research, leaders who have learning agility are more likely to be seen as effective leaders and have longer tenures in their roles. Leadership research also shows that effective leaders help make organization changes that enable implementation of strategy. Organization research on change suggests that if companies change, they are more likely to survive; if they don't change, they wither and die. More often than not, such changes wither and die because one segment of the system is attacked; eg., trying to lose weight without concomitant changes in lifestyle, changing to a just-in-time parts delivery process without adequate information systems support or vendor "buy in".

  HR professionals learn to effectively help build individual and organization capacity for change through regular discussion that focuses the need, opportunity, priority and impact of changes that drive business consequences.

- **Change enables**

  For some, "change" becomes the outcome or goal of a leader or an organization. More often, the capacity for change may be seen as an adjective that enables other business goals, thus change operates as a means not an end. So, we see leaders working to build fast innovation; rapid globalization; agile customer service; flexible collaboration; shifting brand, or rapid strategy. In a world of precipitous change, organizations must not only define the right outcomes, but move quickly to get there. In the consumer products industry, for example, the adage is that "first mover in new products or services gets about 50% of market share; the next four players split the rest."

  HR professionals can help leaders focus their strategies to be clear and precise about what they are working to do, then build in a capacity for change to rapidly deliver each outcome. For example, after reducing its debt, Viterra transformed its strategy from being a grain transporter to a company which assists farmers solve problems at every step of the crop production process. Thus, when the farmer needs money to buy crop inputs and seeds from Viterra, the company developed a partnership with banks to extend credit, to provide the farmer with best harvest times, to transport the extracted grain, and to connect the farmer to customers in other countries.

- **Change requires assessing and closing the know/do gap**

  Most people who are heavy (or another bad habit), know they should lose weight (or change the habit). They even know how to lose weight: eat less, eat right, and exercise more, but they don't do it. We often ask seminar participants to brainstorm for 60 seconds, "what do you know about effective organizational change?" We generally find that the group will generate the same lists as in some of the leading change books. We know what to do, but we don't often do it.

HR professionals bring discipline to change processes so that what people know, they do. As such, HR professionals create and use a change pilot's check-list. Just as an airline pilot must assess the flight-worthiness of the plane before taking off, HR professionals must also identify change readiness and challenges in a disciplined way.

- **Change arises from both evolution and revolution**

  Change can be initiated in many ways. Evolutionary change suggests continuous improvement, small steps, transactional actions, rigorous planning, and reaching a tipping point. Revolutionary change implies discontinuous change, bold moves, transformational outcomes, immediate action, and anticipating a new future.

  HR professionals need to help line managers determine when to do evolutionary versus revolutionary change.

- **Change can be pushed or pulled**

  Sometimes, change begins with a clear destination – specific strategy, goal, or outcome, then concrete plans to help move from the present to the future endpoint. At other times, change begins with a direction - an aspiration, values, or orientation, then taking early steps to move from the present to the future. Destination change requires an engineering mentality to stipulate the end state and the steps to getting to it. Direction change requires a pioneering mentality to articulate a future and then act quickly to move forward.

  HR professionals can help craft aspirations and define actions to link the present to the future. HR professionals need to help leaders craft purposes that have the power to draw out commitment to desired end states.

- **Change occurs at multiple levels**

  We classify three targets of change: individual, initiative, or institutional. Individual change helps people improve on their behaviors and performance. Initiative change means accomplishing corporate programs (eg., quality, innovation, cost, service, teamwork, and so forth) in a timely way. Institutional change implies transforming a culture or work environment and consequently the entire organizational system to sustain change.

  HR professionals can be coaches for individual improvement; agents for initiative changes; and stewards for cultural transformation.

- **Change follows a common process**

  In change literature, many programs, initiatives, tools, and actions have been proposed as common processes for making change happen. Some of the influential change processes are summarized in Table 1.

Change Insights: Summary

HR professionals need to create an accepted, shared, and widely used process for implementing initiatives throughout the organization. What such processes do when they are well designed is to transform complex dynamics into much simpler guides.

Table 1
Change Processes

Author	Warner Burke	John Kotter	Dale Lake	Price Pritchett	Michael Beer	Hay Group	GE Change
Example work	Organization Change	Leading Change	Change Manual	Quantum Leap	Organization Change and Development	Hay Process Model	Change Acceleration
Change processes	• Be self aware	• Establish sense of urgency	• Design a Change agenda	• Give clear marching orders	• Dissatisfaction	• Ensure reasons for change	• Lead change
	• Monitor external environment	• Create a guiding coalition	• Assess the current situation	• Nail down each job	• Model or purpose of change	• Identify 'change agents'	• Create a felt need
	• Establish a need for change	• Develop vision or strategy	• Create dissatisfaction or need for change	• Manage resistance to change	• Success or outcomes	• Assess stakeholders and sponsors	• Define a direction or shape a vision
	• Provide clear vision or direction	• Communicate change vision	• Activate change champions	• Encourage risk taking	• Cost of change	• Plan project activities	• Mobilize commitment
	• Communicate the need	• Empower employees for action	• Influence stakeholders	• Create supportive work environment	• Resistance to change	• Communicate changes	• Make decisions
	• Deal with resistance	• Generate short term wins	• Assess and overcome resistance	• Attend to transition and change		• Assess impact on people and structure	• Dedicate resources
	• Leverage multiple actions	• Consolidate gains and produce more change	• Build team and network	• Take care of 'me' issues		• Address the impacts of the change	• Learn, adapt, monitor
	• Have consistency and persistence	• Anchor new approaches in culture	• Structure for success	• Communicate over and over again		• Share process change	
			• Do project management			• Support changes	
			• Monitor progress			• Train for new skills	
			• Have continuous learning			• Measure and report on progress	

In Table 2, we summarize organization and personal implications of these ten insights for HR professionals as change champions.

Table 2
Organization and Personal Implications of Change Insights

Insight	Organization Implications To what extent does our organization ...	Personal Implications To what extent am I able to...
1 Change happens	Recognize, accept, and run into the pressure for and realities of change?	Feel comfortable dealing with pressures for change vs ignoring or avoiding change?
2 Change requires response	Build an internal capacity to respond to change that equals external demands for change?	Demonstrate new behaviors consistent with changing business demands?
3 Most changes fail	Learn from change failures and transfer those lessons to future change efforts?	Face and learn from my failures so that I don't make the same mistakes twice?
4 Change matters	Increase, measure, and track our capacity to change and share this information with employees, customers, and investors?	Monitor my personal ability to learn, adapt, and change?
5 Change enables	Move quicker than competitors on key organizational initiatives?	See change as a significant element of my ability to accomplish my personal goals?
6 Change requires closing know/do gap	Recognize latest research and best practices on change, then apply and adapt those findings to our organization?	Study change theory and practices and adapt them to my work setting?
7 Change arises from evolution and revolution	Balance change through continuous improvement or advocate bold and dramatic change?	Continuously improve on my past and act on my desired future?
8 Change can be pushed or pulled	Start with a compelling future vision and fold the present into the future or start with the present and take incremental steps to go forward (tipping point)?	Envision an aspiring future for my work and take daily actions to approach that future?
9 Change occurs at multiple levels	Focus change on individual, initiative, or institutional efforts?	See how my personal changes reflect what I want to see in the culture of my organization?
10 Change follows a common process	Have a disciplined process that we apply to change initiatives?	Have a regular and routine process of making personal changes?

HR Implications

These change insights have implications for how HR professionals can be change champions in their organization. HR's role as change champion comes from the HR competency research performed over the last 25 years. In the most recent (2012) round of this study, we collected data from over 20,000 HR professionals and their associates from around the world. In total, we identified 140 competencies HR professionals could possess and we had measures of individual HR effectiveness and business performance. When we did factor analysis on this data, we identified 11 of these competencies related to HR being a change champion. These 11 items then statistically clustered into two factors (see Table 3).

Table 3
Change Champion:
Factors, mean, individual effectiveness and business success

Factor	Mean score (out of 5.0)	Individual effectiveness (beta weights scaled to 100%)	Business Performance (beta weights scaled to 100%)
Initiating change	3.94	53%	46%
Sustaining change	3.91	47%	54%
R2		.296	.066

This data offers additional insights on the process of change and implications for HR professionals. By statistically separating initiating change from sustaining change, this data suggests that HR professionals have to do more than get change started; they have to be persistent at sustaining change. The data in Table 3 also suggests that for HR professionals to be seen as personally effective, they have to initiate change, but if they want to drive business performance, they need to sustain change. Most HR professionals have more experience initiating or starting change than making sure they sustain the desired changes.

Initiating change

Initiating change means getting started, turning pressures for change into change initiatives, and taking first steps to move change forward. Our research showed that six competencies define the extent to which HR professionals initiate change:

- Ensure that key leaders are aligned around major change initiatives
- Help people understand why change is important (ie, create a sense of urgency)
- Identify and overcome sources of resistance to change
- Help set the direction of change with clear outcomes
- Build commitment of key people to support change efforts
- Articulate the key decisions and actions that must happen for change to make progress

As change agents who initiate change, HR professionals help define why change matters, what should be changed, and who supports the change. In defining why change matters, HR professionals need to build a compelling intellectual and emotional case for change. The intellectual case often comes from empirical evidence that successful change will lead to positive personal or organizational outcomes. The emotional case for change comes when people see and feel the impact of the change on principles that matter to them.

To define what should be changed, HR professionals need to turn complex challenges into simple opportunities. They need to articulate change outcomes either as directions for the change and/or destinations from accomplishing the change. These outcomes need to be communicated with visual images to capture the change, with verbal messages to enunciate the change, with stories to emotionally capture the change, and with metrics to track the change.

To build support for the change, HR professionals need to involve key people to participate in the change process. Bob Eichinger, one of our change heroes, said,

"There is a magic bullet to change. The research is crystal clear. People are less afraid of change to the extent they participate in its design and execution. The more people are involved in the determination, planning, design and execution of the change, the less resistant they will be. Change leaders need to be patient and design as much participation into the process as is humanly possible."

His observation implies that HR professionals need to figure out how to mobilize commitment by identifying and involving key stakeholders to a change. This may come from asking their opinions, making them co-sponsors, inviting them to make key decisions, and making them public advocates for the change.

To become better at initiating change, HR professionals need practice. They can coach business leaders in the midst of change and observe what they do well and not so well. They can participate in teams charged with implementing business initiatives. They can audit how well their organization has accomplished change in the past, synthesize lessons learned, and propose new actions for the future. They can help estabilish a tailored organizational change model suited to their organization and help build discipline to use this model for key change initiatives.

They can examine how change has happened within the HR department as new practices or structures are implemented. Using the HR department as a testing and learning ground, helps them become change competent before working on business issues. They can coach or consult with not-for-profit community agencies going through change and observe how change processes apply to these settings.

Sustaining change

Sustaining change means sticking with initiatives, making sure that desired changes happen, and delivering outcomes from the change. Our research identified four specific behaviors that HR professionals can demonstrate to help sustain change.

- Ensure the availability of resources to stick with the change (eg, money, information, technology, people)
- Help sustain change
- Monitor and communicate progress of change processes
- Adapt learnings about change to new settings

As change champions who sustain change, HR professionals have to make sure that changes last by implementing sustainable disciplines into their organization. In our work on leadership sustainability, we have identified seven principles of sustainability that HR professionals can master to make change stick.

Simplicity: Simplicity means that the leaders focus on a few key behaviors that have high impact on the most important issues. Leadership sustainability requires that we find simplicity in the face of complexity and replace concept clutter with simple resolve. It entails prioritizing behaviors that matter most, shifting from analytics with data to action with determination, framing complex phenomena into simple patterns, and sequencing change. HR professionals should help prioritize and simplify change priorities.

Time: Leaders put their desired behaviors into their calendar and this shows up in how they spend their time. Employees see what leaders do more than listen to what they say. Leadership sustainability shows up in who we spend time with, what issues we spend time on, where we spend our time, and how we spend our time. HR professionals should monitor how leaders invest their time as carefully as their money.

Accountable: Leadership sustainability requires accountability where leaders take personal responsibility for making sure that they do what they say. Accountability increases when leaders assign personal commitments from others and follow up on those commitments. HR professionals ensure accountability comes by making personal commitments public, by following up on commitments, and by giving feedback on the change efforts.

Resources: Leaders dedicate resources in order to support their desired changes with coaching and infrastructure. Marshall Goldsmith found that when leaders have ongoing coaching, they are much more likely to enact desired behavioral change. We have found that a mix of self-coaching, expert-coaching, peer-coaching, and boss-coaching can be woven together to resource sustained change. Selection, promotion, career development, succession planning, performance reviews, communication, policies, and organization design may be also aligned to support leadership change. HR professionals may be coaches and HR architects for sustaining change.

Tracking: Unless desired leadership behaviors and changes are operationalized, quantified, and tracked, they are nice to do, but not likely to be done. Effective metrics for leadership behavior need to be transparent, easy to measure, timely, and tied to consequences. Leadership sustainability may be woven into existing scorecards and may become its own scorecard to ensure that leaders monitor how they are doing. HR professionals help create and manage these scorecards.

Melioration: Leaders meliorate when they improve by learning from mistakes and failures and demonstrate resilience. Leadership sustainability requires that leaders master the principles of learning: to experiment frequently, to reflect always, to become resilient, to face failure, to not be calloused to success, and to improvise continually. HR professionals further learning by advocating and modeling these processes.

Emotion: Leadership sustainability occurs when leaders not only know, but feel what they should do to improve. This passion increases when leaders see their desired changes as part of their personal identity and purpose, when their changes will shape their relationships with others, and when their changes will shift the culture of their work setting. HR professionals can be meaning architects in their organizations.

HR professionals become change champions when their abilities to initiate and sustain change are applied at the individual, initiative, and institutional levels of change. At a personal level, these change champions need to stay alive by continually learning, learn to work the informal rules within their organization, start where they can and find early successes, build coalitions of support, experiment and learn frequently, and stay optimistic about the change process.

Conclusion: Becoming a Change Champion

If we could wave a magic wand, HR professionals worldwide would master the insights on change and become change champions. This may not happen all at once. But, we have laid out the axioms that change masters must accept and the skills they need to initiate and sustain change.

References

We have had the privilege of personally learning from and working with some of the thought leaders in the change profession. We take the liberty of culling and synthesizing their insights into our "top 10" list. It is difficult to give credit to one person since we have tried to integrate their unique contributions. Our personal thought partners include: Chris Argyris, Ron Ashkenas, Dick Beatty, Mike Beer, Warren Bennis, Bill Bridges, Warner Burke, Kim Cameron, Ram Charan, Clayton Christensen, Bill Dyer, Bob Eichinger, Malcolm Gladwell, Marshall Goldsmith, Lynda Gratton, Gary Hamel, Dave Hanna, Gareth Jones, Todd Jick, Bill Joyce, Steve Kerr, Jon Katzenbach, John Kotter, Ed Lawler, Joe Miraglia, Bill Ouchi, Richard Pascale, CK Prahalad, Jeff Pfeffer, Bob Quinn, Bonner Ritchie, Ed Schein, Len Schlesinger, Herb Shepard, Norm Smallwood, Bob Sutton, Paul Thompson, Noel Tichy, Terry Warner.

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Hayagreeva Rao is the Atholl McBean Professor of Organizational Behavior at the Stanford Graduate School of Business. He has published widely in the fields of management and sociology and studies the social and cultural causes of organizational change. In his research, he studies the role of collective action as a motor of organizational change and innovation.

Hayagreeva Rao's teaching specialties include organizational change, building customer focused cultures and organization design. He was awarded the Sidney Levy Teaching Award from the Kellogg School of Management and the W Richard Scott Distinguished Award for Scholarship from the American Sociological Association. He is a Fellow of the Center for Advanced Study in Behavioral Sciences, a Fellow of the Sociological Research Association and a Fellow of the Academy of Management.

After graduating in Personnel Management and Industrial Relations from XLRI, Jamshedpur in 1980, Hayagreeva Rao completed his PhD at Case Western Reserve University in 1989. He has been teaching at Stanford since 2005. Prior to this, he was on the Faculty of the Kellogg School of Management at Northwestern University.

Talent Management as a Source of Competitive Advantage

Hayagreeva Rao

Peter Drucker, the sage of management, once remarked "The task of an executive is to multiply the performance capacity of the whole by putting to use whatever strength, whatever health, whatever aspiration there is in individuals." Since then, economists, Paul Milgrom and John Roberts, my Stanford colleagues, pioneered the idea of complementarities – doing more of one thing increases the returns to doing (more of) the others. In contrast to alignment that emphasizes fit or consistency among sub-systems, complementarities direct attention to momentum – investment in one domain stimulates quick changes in others, and inimitability – the more complex the system of interactions, the harder it is for rivals to copy, even if there is leakage of information and public scrutiny of the firm.

My goal in the paper is to encourage human resource professionals in India to take a lead role in enabling organizations to exploit complementarities in the talent system. I will do this by illustrating one special case of complementarity – how firms that are able to connect their talent brand to their customer brand are able to outperform rivals. My starting point is that such market-focused organizations outperformed their competitors by 33% in customer retention, by 51% in sales growth and by 38% in profitability (Day, 2002). I present an example of Facebook and then discuss how human resource professionals in India can deploy talent analytics and use data-driven decisions rather than rely on perceptual surveys per se.

Complementarity and RIDDLE Framework: The Facebook Example

Connecting the talent brand to the customer brand starts with translating the customer value proposition into desired employee behaviors, and then aligning six talent levers to create complementarity. The six talent levers together form an acronym if one takes the first letter of the first term of each lever (RIDDLE) and include **Recruitment & Retention, Incentives and Measurement, Development of Talent, Design of Jobs, Leadership, and Empowerment**. Figure 1 depicts the six levers involved in talent management encapsulated by the RIDDLE framework. Below, I use the example of Facebook, based on published sources, to illustrate the framework for three reasons. First, it is a remarkable firm. Second, it illustrates something fundamental about the Bay area – a talent magnet if there is one. Third, I am more familiar with Bay area examples than other examples that I am sure exist elsewhere in India such as at Hindustan Unilever, HDFC, Infosys, ITC, Mahindra's, or TCS.

Facebook seeks to serve customers through continuous rapid innovation. Its central source of competitive advantage is speed (if there is one thing that is sacred at Facebook, it is speed). A key to achieving speed and rapid innovation is to create a talent brand built around the 'Hacker Way' – people who believe that something can always be done, and done quickly, and that nothing is ever complete. As Mark Zuckerberg writes in his letter to investors in the Facebook IPO filing:

"The word 'hacker' has an unfairly negative connotation from being portrayed in the media as people who break into computers. In reality, hacking just means building something quickly or testing the boundaries of what can be done...The Hacker Way is an approach to building that involves continuous improvement and iteration...Hackers try to build the best services over the long term by quickly releasing and learning from smaller iterations rather than trying to get everything right all at once...We have the words 'Done is better than perfect' painted on our walls to remind ourselves to always keep shipping."

If the talent brand is built around the idea of the Hacker, then the talent experience centers around three core elements: **"Be Bold, Be Fast, and Make an Impact"** – as ways of realizing the Hacker Way in practice. Here is Zuckerberg again in the letter to investors: "If we want to have the biggest impact, the best way to do this is to make sure we always focus on solving the most important problems...We have a saying: 'Move fast and break things.' The idea is that if you never break anything, you're probably not moving fast enough...Building great things means taking risks. ...We have another saying: 'The riskiest thing is to take no risks.' We encourage everyone to make bold decisions, even if that means being wrong some of the time."

How does Facebook embed **"Be Bold, Be Fast and Make an Impact"** into the employee experience to realize rapid innovation for customers and speed vis-à-vis competitors. It exploits complementarities among the six levers of the Riddle framework.

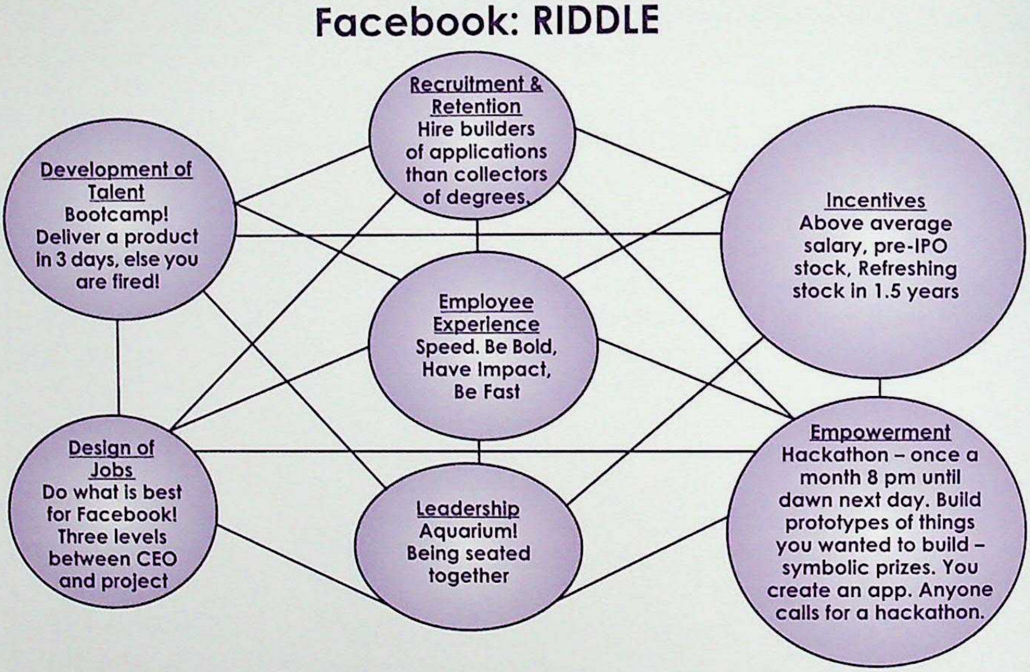
Facebook: RIDDLE
Recruitment & Retention
Hire builders of applications than collectors of degrees.
Development of Talent
Bootcamp! Deliver a product in 3 days, else you are fired!
Incentives
Above average salary, pre-IPO stock, Refreshing stock in 1.5 years
Employee Experience
Speed. Be Bold, Have Impact, Be Fast
Design of Jobs
Do what is best for Facebook! Three levels between CEO and project
Leadership
Aquarium! Being seated together
Empowerment
Hackathon – once a month 8 pm until dawn next day. Build prototypes of things you wanted to build – symbolic prizes. You create an app. Anyone calls for a hackathon.

Figure 1

Recruitment & Retention: The saying at Facebook is "We never hire those who amass degrees, instead, we hire those who have built apps" for engineering jobs. Those who have built apps have had impact. Those who may have dropped out of college while doing so may have demonstrated boldness and so forth. They have a phone interview, followed by onsite interviews with one's prospective boss, and peers. Sometimes, as in the case of design talent, Facebook keeps a Dream Team list, and acquires firms to get key talent, or reaches out to them via Mark Zuckerberg for a personal pitch. But more often than not, existing employees present their favorite people and then they are targeted directly.

Incentives and Measurement: Like some other Bay area firms, Facebook offers an ample salary package, restricted stock units, free food, 21 day vacation and the like. A few key metrics matter in measuring the impact individuals have had. For example, the engineer running the tools group was asked "Can we take what used to take ten clicks for someone to get the information they need and reduce it to three? It saves time over thousands of operations. What can we do with that time?" On the engineering side, as many engineers have mentioned, code wins arguments. While engineers are given opportunities to build products and innovate, Facebook also provides powerful incentives. Unlike most Silicon Valley firms which give employees a single set of stock options and a bonus if you do well, at Facebook, if you excel in attaining project goals, you can increase your stock option count in 1.5 year refreshing cycles. This individual multiplier is on top of a bonus that depends on how well the firm does in revenue and growth. Promotions may be given out as often as twice a year as are individual performance bonuses. Every employee is rated on a scale from one to five, with five being the highest. No one gets a five. If you get a one or a two, you're quickly shown the door.

Development of Talent: New recruits are trained through a Bootcamp and it is a vital and essential part of building the **"Be Bold, Be Fast, and Make an Impact"** ethos. All new engineers are required to go through the Bootcamp – where they learn Facebook tools and the approach. They are allowed to get their hands on the steel and try out any idea even if it risks bringing the operation to a standstill – the belief again, is the worst risk is not to take a risk. Often, subordinates may be teaching potential superiors and helping to onboard them. At the end of the Bootcamp, however, every employee is given a problem that they have to solve individually in 72 hours. Once they solve it, after validation, it is added to the Facebook suite. If they don't solve it, they are fired – as one executive said – "Engineers don't like to fire other engineers, so we take care of the issue early on. The whole Bootcamp experience solidifies the understanding of what it takes to **"Be Bold, Be Fast and Make an Impact.**"

Design of Jobs: A striking feature of Facebook's approach is that it never hires employees for specific jobs – instead, it expects jobs to change, and employees to mold the jobs by rethinking them and reconstructing task relationships in the firm. As one senior executive once said, Facebook does not look for people who write great code, it, instead, looks for people who solve not the obvious problem, but the deeper problem underlying the obvious problem. The reason is simple: smart problem solvers require little supervision. As a result, the belief is that there should not be more than three layers of management. Often, the engineering teams are small – even for a product like Timeline, the engineering team began with a dozen people or less. There are few formal titles, and the organization is flat and always wants to have the feeling of a small company as it scales into a larger firm.

Leadership: The leaders at Facebook exemplify openness. Leaders meet in the Aquarium – where other employees can see them meet, and every Friday, Zuckerberg and the senior executives provide details of the strategic context to employees so that employees in turn, can be bold, fast and make an impact that has multiplicative value rather than divisive. The senior executives all have desks placed next to each other and often show up at project meetings. Until very recently, the current head of product development was in charge of talent.

Empowerment: A key element of empowerment is the hackathon. A hackathon can be called by any employee. All that is needed is for the employee to invite six to seven people to solve a problem that he/she was unable to do in their regular work. Chinese take-out dinner is brought in, the group writes code until the morning, and then goes home. Their work is reviewed, and if found acceptable, is quickly integrated with the Facebook operations. Recognition is what matters: those who solve a difficult problem are given recognition for their expertise amongst their peers. In essence, the all nighters that young students rely on have become part of the corporate talent management system. As Zuckerberg says in his letter to investors: "Many of our most successful products came out of hackathons, including Timeline, Chat, Video, our mobile development framework and some of our most important infrastructure like the HipHop compiler. Engineers are also encouraged to do temporary tours with other product teams, something called "Hack-a-month."

Complementarity: The Role of Talent Analytics

Even if complementarities among the elements of the talent architecture are conceived through vision and gut instincts, they can become sources of rigidity. Here rigorous data analysis and experiments ought to provide the impetus for design and redesign of the talent architecture.

The role of talent analytics was wonderfully showcased in a book called Moneyball, by Michael Lewis, where a small-market team, the Oakland Athletics, and their unorthodox general manager, Billy Beane, were able to have a high winning percentage of games in the American League despite having the smallest payroll. Unlike their rivals, they recognized that on-base percentage was more important than slugging percentage, but found that players with high on-base percentage were underpaid and so by hiring more of them, Beane assembled a roster of hitters that would lead them to more wins on the field while still meeting its modest payroll. The use of talent analytics is easier in a striking-and-fielding sport such as baseball or cricket where the contributions of individual players are highly separable and data is relatively easy to collect. However it has spread into more complex invasion sports such as rugby, or soccer – where the challenge is to make sure that analysis informs coaching decisions.

Harnessing Talent Analytics

A number of organizations have been at the forefront of harnessing talent analytics – but none more so than Google under the leadership of Laszlo Bock, the Senior Vice President of People Operations, and Prasad Shetty, the Vice President of People Analytics. An excellent example is Project Oxygen, which began with the premise that the quality of the manager shaped the performance of teams, and they wanted to understand what made a good manager. Armed with 10,000 observations drawn from performance reviews, surveys and the like, the team found that the code writing ability of a manager ranked dead last in importance. By contrast, what was important was being accessible for one-on-one meetings, asking questions to help employees think through a problem, and taking an interest in their lives and careers. Another study found that the poorest performing employees immediately registered an improvement when they were re-assigned to a new boss – due to the statistical tendency called regression to the mean. More strikingly, every year, the analytics team at Google organized a PiLAB meeting where members of the team meet with a select group of university professors in freewheeling discussions. I have had the pleasure of attending these meetings and found them to be very rewarding – Google executives pose questions, and are open to hard questions and suggestions for experiments.

Or take, for example, a recent study by Matthew Bidwell of the University of Pennsylvania, where he analyzed data from the US investment banking arm of a financial services company from 2003 to 2009 and sought to understand whether those promoted from within outperformed external hires. He found that workers promoted into jobs have significantly better performance than workers hired into similar jobs for the first two years, and lower rates of voluntary and involuntary exit.

Nonetheless, the external hires were initially paid around 18% more than the promoted workers and were promoted faster. Ironically, employees who are promoted and transferred at the same time have worse performance than other internal movers.

Bringing in the Voice of the Customer

The implication of the use of talent analytics is that the talent function is far from a support function, but, is instead, a central player in institutionalizing capabilities throughout the firm for competitive advantage. The mission of the human resource department ought to be to ensure that the talent brand complements the customer brand. A starting point for human resource professionals is to understand the customer brand, and then make a strong effort to bring the voice of the customer inside the human resource department through customer visits, and the observation and understanding of customer experiences. Once the voice of the customer is brought inside the organization, it can serve as a basis to articulate what kind of employee experience and behaviors are required to support the customer experience, and what talent proposition best fits the customer value proposition. Thereafter, using talent analytics, those in charge of the talent function should fill out elements of the RIDDLE model: rethink recruitment and retention criteria from the vantage point of the customer, redesign incentives and measurement of performance if need be, reorganize training and talent development with a view towards enhancing skills demanded by the customer, redesign jobs from the customer's point of view, challenge leaders to model the relevant behaviors, and empower employees. In short, the talent function ought to forge a close partnership with the marketing function, and at the same time reimagine human resource management as a people operations system, which is both adaptive and agile.

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Change Sustains Growth

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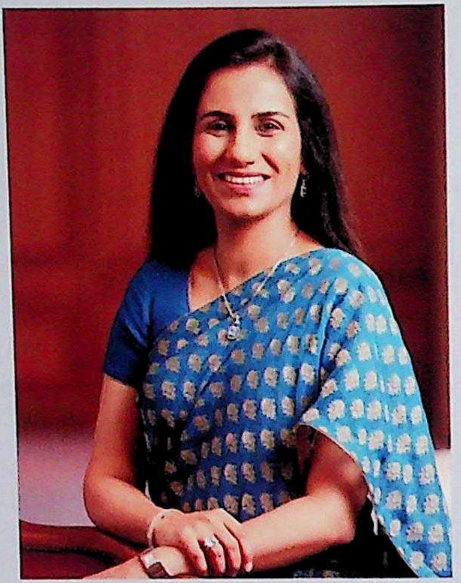


Ms Chanda Kochhar is Managing Director and Chief Executive Officer of ICICI Bank Limited, India's second-largest bank and the largest in the private sector. She is widely recognized for her role in shaping the retail banking sector in India and for her leadership of the ICICI Group, as well as for her contributions to various forums in India and globally.

Ms Kochhar was conferred the "Padma Bhushan", one of India's highest civilian honors by the Government of India in the year 2011 for her services to the banking sector. She was named "The Most Powerful Woman in Indian Business, 2011" by Fortune India. Bloomberg Markets Magazine also named her among the "50 Most Influential People in Global Finance". In addition to her responsibilities at the ICICI Group, Ms. Chanda Kochhar is a member of the Prime Minister's Council on Trade and Industry, a member of the Board of Trade, High-Level Committee on Financing Infrastructure, US-India CEO Forum and UK-India CEO Forum.

In this edited interview for NHRDN, with R Sridhar, Chanda Kochhar talks about Organizational Change at ICICI, Leadership Challenges and Personal Change.

R Sridhar (RS): Why would ICICI or any organization, for that matter, want to change? What would be the triggers for change?

Chanda Kochhar (CK): I think an organization considers two reasons for triggering any change – one set of reasons is external and the second set is internal. As far as external factors are concerned, at least in ICICI, we have always been an organization that has anticipated the change in the environment. Our view of looking at change is not to say that we can just cope with the change and, therefore, as changes take place we will react to them; but more so to say that we will anticipate the change and keep the organization ready for that next change in the environment.

I think the broad strategies of ICICI that you have seen have all been on account of this: when we saw that the country was shifting from being an "industrial only" country to a consumer driven country, we changed and said that we want to get into retail banking. When we thought that Indian companies are going to go global, we said we should be the first bank to go global. So I think anticipating the change in the environment and keeping the organization ready for change is one aspect.

The second one is that sometimes there are a lot of internal factors that force you to change: when changing from corporate to retail in the early 2000s, we saw our portfolio being heavily skewed towards the corporate sector and that brought with it, its own set of risks. Especially in an environment when the next growth opportunity had to be retail, we could not have had our portfolio being concentrated just on corporate, so there was a requirement for change. In 2009, the need for change arose due to the way our deposits and loans had grown. In the earlier years, the proportion of low cost deposits in our deposit structure had become low and the proportion of unsecured loans in our total loan structure had become high and we needed to correct both those aspects. We went through a huge change in 2009 when we moved from a period of aggressive growth to a period of consolidation. These are some examples of the kind of internal requirements that necessitate change.

RS: What would be one or two big goals that you are pursuing now that requires your organization to change... like earlier you were saying that you wanted to go international when India was going international?

CK: I think, currently, in a way, the big goal is really related to achieving sustainable, profitable growth. We are saying that it is not enough to look only for growth; it is not enough to just look for profit, but find that model that gives you sustainable, profitable growth over a long period of time. The big goal that we are, therefore, trying to reach out to is to get to a ROE of at least 15% to start with. This is in a way a jump from a ROE of 7% two years ago. A goal of at least doubling the ROE is what we have been pursuing and this has involved a lot of changes in the deposit structure; the loan structure; the cost structure; credit quality; working on and improving return on assets; and finally the ROE.

RS: If achieving sustainable, profitable growth is the objective that you have been pursuing in the recent past, how did you decide on the elements or dimensions of change in the organization? Did you start right at the top by looking at the approach or the strategy, the organization structure, the culture, or did you start working on systems and processes, or did you do both?

CK: I think change actually straddles a wide spectrum and some things within that change substantially and some things don't change to that extent. The aspects that get impacted depend on the kind of change that you are going through. When we went through this change in approach of moving from aggressive growth to a consolidation phase, it involved a whole amount of change in the mindsets of people. What it really meant for me was to spend a lot of time with a whole lot of people making them understand why this change in approach is required and how this change in approach is going to be good for the organization in the long term. The objective was to get people to buy in and believe in the change. Creating that belief, that recognition and acceptance of the change in people's mindsets was very important. From that follows whether you need to do any consequential organizational structural changes or processes and systems changes. In my view, the basic culture of the organization should remain more or less constant because that represents the core values that you run your organization with. Some of the core values we run our organization with are: we have to be an organization where people work in teams; people are sensitive to each other's needs; people will stretch to reach the next target; and there will be efficiency and energy. We are an organization that implements strategy in a very quick and nimble manner. These values form a part of our DNA, which, more or less, remains the same. When you follow a path of growth you execute that strategy in a perfect manner; when you follow a path of consolidation you execute that strategy also in a perfect manner; but that does not mean that the DNA of the organization has changed. The DNA of the organization is to focus on implementing the strategy in a fast, nimble, efficient and energetic manner. And the strategy changes depending on how the environment is. The culture part, according to me, remains more stable, but on that culture you juxtapose the goal you want to achieve and you achieve it on the basis of the culture. I think processes and systems change substantially because they have to gear up for new requirements and always have to keep developing. The organization structure, in my view, is really a means to an end and that has to be flexible and should always get tuned to the goal that you are trying to achieve.

RS: You said that you had to reach out and convince people to get them to accept the rationale or the reasons...

CK: We have to get them to understand the rationale. Beyond a point you don't wait for everybody's acceptance but you have to make them understand because they are the ones who would execute various parts of the strategy.

RS: Looking at the organization, where did you find it more challenging: convincing people; getting their buy in? Which part of the organization or which level of the organization did you find it more challenging than other parts or levels?

CK: I don't think that there was any difference, level wise. What was important was to inform people not just about the change, but also about what the change would mean for the organization and therefore for the people over a longer period. Does this focus towards consolidation mean that you are shrinking as an organization or does it actually mean that you are finding a way to get to a sustainable and profitable growth path, which will be an advatage, not just for the organization, but also for peoples' growth in the longer run. The bigger point is to make people know what the logic underlying the change is, rather than just talk about the change. This example that I gave you was more about change for internal reasons and the way we implemented the change. I can contrast it with another example, what we went through in the early 2000s: when we moved from being an organization that was mainly focused on the corporate side to actually building the whole retail side of the business. That change was such that the business itself was very different and involved many things that required to be changed. We had to create new teams, many of them coming from outside, the business being new for the organization. The distribution network of the company had to change because corporate business could have been done and was being done by having four offices in India. But the retail business required us to set up more than 2000 branches, 2000 ATMs, and so on all over the country. The entire risk assessment process was recast. There is a way you assess projects and the corporate side of risks, whereas there is a very different way of how you do it on the retail side. There were certain changes to technology: how you set up back office operations that handle transactions. Therefore, processes, technological systems, everything. The type and magnitude of change determines what all needs to change inside.

RS: How do you implement this major shift: from aggressive growth to consolidation? Do you have a program, which you then roll out or do you have a broad picture with no specifics fixed; you are inviting and involving people and they shape it as they go along? What kind of an approach were you taking?

CK: We need to think a lot about what needs to change. We can't just say that we are moving into a consolidation phase. We need to clearly spell out what is meant by consolidation: you want to change your current and savings account deposits ratio from 20% to 40%; you want to bring down your unsecured loans from being 15% of the portfolio to being less than 5% of the portfolio; you want to take your cost to income ratio from being a certain % to being less than 40%; you want to take your credit cost, that is provisions, from being 2% to less than 1% of loans; consequently you want to take your return on assets from being less than 1% to being close to 1.5%. A lot of the measures of change have to be very clear, otherwise, you wouldn't know what that change is. It cannot be just a theoretical exercise or a conceptual exercise; I think it has to be fleshed out. This is one part.

The second part was about formal communication: Firstly, I have to communicate this to a particular set of people, get their buy in, discuss with them, then with the second level of people. There are other people within the organization who then do the same communication within their own teams and ensure that the communication percolates right down the organization. Further, it does not stop at being a one-time communication. Every trip that I make out of Mumbai to other cities, I would meet people in the branches and restate the strategy.

RS: The role of HR in all of these, what is your expectation of HR as a function or specialism in this change program?

CK: HR plays a very crucial role, because they need to facilitate the change and at the same time maintain and nurture the basic DNA of the organization. When you go through a big change of moving into a different line of business, for eg., setting up the retail business, you need to acquire talent from outside, then it is the job of HR as well as the leader of the organization to ensure that the new team becomes a part of your organization. While the new talent brings a lot of domain knowledge to the business, they have to get absorbed in the culture of the organization. The mixing of outside domain knowledge and the internal culture is again a process that has to go through with the intervention of the leader and the involvement of HR. HR needs to ensure that your entire reward system, performance management system, etc. becomes reflective of whatever is the strategic direction of the organization. I think these are the roles that HR needs to play. I would think even in those years, after the year in which the change program begins, you need much more intervention of this kind, say of building the team. As the change continues over the years, the role of HR is to ensure that the transformation keeps taking place but the basic DNA, the culture, remains unchanged.

RS: You are emphasizing the aspect of culture and DNA being core and not requiring much change. There is a view that sometimes when you are on a change path, in your case when you wanted to get from corporate to retail, or in today's situation where you want to consolidate and have sustainable

and profitable growth, the DNA and the core values of the organization could, in fact, serve as blocks. Are you experiencing that, because these are big shifts that you are talking about?

CK: That is, in fact, what I emphasize as a leader: the DNA of the organization. When we went through this change of wanting to consolidate and pursue profitable and sustainable growth, did we say that the DNA of the organization was aggressive growth? No, in my view the DNA of the organization was agility, nimble footedness, energy, a young team, and teamwork. To that team, at one point, we said we want to grow aggressively so they put in their best and executed growth. Later, we said that we think it is right for the organization to follow a path of consolidation. The team was expected to execute this strategy with the same energy, enthusiasm, and nimble footedness. I think the way in which the leader defines the DNA of the organization is important. The DNA is not the direction; it is the basic core values. In my view the core values have to remain strong. If you are building on them, you cannot suddenly discard them and start again. If at all there is a change, it has to be gradual. There is no sudden change that happens.

RS: ICICI has done a lot of work as far as diversity is concerned, particularly gender diversity. It is said that "variety" in the organization is an important determinant as to whether change happens or not. Would you like to elaborate on how gender diversity has helped ICICI change for the better or more successfully? What other kinds of variety are you looking at to help you change?

CK: I believe gender diversity is important because it gives you access to the entire talent pool in the country. If you believe that you will run an organization with just one gender, irrespective of whichever gender it is, you are basically closing your eyes to half the talent pool in the country. Gender diversity actually means that you are open to tapping the entire talent pool in the country. But beyond that, gender diversity has helped ICICI in making the organization a much more complete organization: every decision that you take; every discussion that you have; every idea that you implement; with a gender diverse talent pool, you get a 360 degree view of the same decision, discussion or idea. Therefore, it is a more complete way of looking at things, because different genders do bring in different perspectives and I think that is how it just works much better. Moreover, it is basically a question of merit. If you do not believe in gender diversity, you are then actually closing your access to half the talent pool and, therefore, how can you be a merit-oriented organization because you have anyway shut out the other half of the pool.

RS: Are there other things that you do in ICICI to bring in a variety of ideas, diversity of thoughts and actions because variety is very, very critical for change?

CK: We look at diversity in a number of ways. Whenever we are driving a change initiative or any big project, you will typically find that we have cross-functional teams. With such teams, the diversity of looking at initiatives from the perspective of different functions comes in. When we were becoming big in the retail business, we wanted to set up an internal Customer Service Committee. Technically or theoretically, a Customer Service Committee means looking at branches and call centers because they are the ones who deal with customers. I was very clear that the Customer Service Committee should have everybody: the sales people, the service people, the channel people, the product people, the technology people and the risk people. When we look at any issue relating to customer service, across the value chain everything has to be changed. Only then will you finally deliver the right product to the customer. In most of these big initiatives, we bring diversity through cross-functional teams in order that every perspective is looked at when a decision is taken. We spoke of gender diversity earlier. We have age diversity too. We are an organization where we have people who have spent 30 years in the organization and, at the same time, there is a whole lot of talent, which is very young. In teams, we put people of different age groups. This is another way of cherishing diversity. The fourth kind of diversity that we have is that of people coming from different socio-economic backgrounds. We, as an organization, took the call to say that we need not restrict our recruitment to the top few institutes and say that those are the kind of people who can be a part of running the bank. We go to smaller towns, smaller cities, we go to those regional areas where we pick up people and, in fact, being a very distributed organization, which is present in so many centers in the country, we believe that if you take people from that locality and put them in those branches, their effectiveness is very high. This is another aspect of diversity that we believe in.

RS: Back to HR, not so much from the point of view of what is happening in ICICI. If change is required for any organization, what would you suggest to HR to build in terms of capabilities, attitudes they need to have as a profession, and the way to function to facilitate leaders bring about change?

CK: The first thing is that HR should understand the underlying logic and the final strategic goal of the change program, not just look at the change per se, but also the comprehensiveness of what is sought to be achieved. Only then do you really put the right people to achieve that final strategic goal rather than just manage the change. In other words, HR should have a clear and comprehensive understanding of the broad strategic direction of the company.

Secondly, HR should know which of the core values of the organization will not change even while the rest of the things change. I think this is very important for them to understand because only then can they have the right people in appropriate positions who will nurture and protect those core values and yet bring about the change. I think these are the two first levels of understanding. After that HR should be able to identify what kind of team composition would be required in order to facilitate that change and, monitor the progress of the change. Is the change taking place in the manner that was envisaged and on what basis would we finally be able to reward or not reward people? But even before coming to reward, it is important for HR to monitor so that we know whether we have equipped the organization well enough to move on that path.

When we spoke about the change at ICICI, from aggressive growth to consolidation, we were very clear not only about what needs to be changed, which were anyway detailed out, but also at what speed will we move towards the goal. Again, it is very easy to say that we will move from 20% to 40% share of low cost deposits in total deposits, but the speed at which the movement is sought to be achieved is difficult to fix: will we move in one quarter, in one year, or two years, or three years. Even when an agreement is reached about the speed, say in two years, it is important to list the milestones leading towards that final position, because you can't hope that 20% becoming 21% during the next seven quarters will then, in one quarter, jump from 21% to 40%. What will change and at what pace were clearly defined in our change program and we monitored ourselves against those steps that had to be taken. I think it is very important for HR to have the ability to understand the sequence and pace of change with clear milestones.

RS: Now coming to the last part, as the leader you will find that, when you are initiating change, there will be people who will intuitively understand and support you and there will be a set of people who will be skeptical if not worse. What kind of an approach do you take to handle that situation? How do you go about getting more people on to the platform, more people supporting the change? What is your personal way or style of handling such situations?

CK: I believe communication is very important, not just communicating the direction and path of change, but also communicating the basic underlying logic for the change. I spent a lot of time talking to people and telling them why this change is required and also telling them that the change in that particular year (2009) would be starker, more difficult that being the first year. I also painted a picture of what the organization would look like in three years from then because of this change and how that change would impact people's growth over three-, five-, and ten-year periods.

I believe in (1) communicate well with the internal teams so that they see the underlying logic for the change and (2) to have milestones for the change so that we are able to gauge ourselves on whether we are moving on the path, or not moving on the path, does some corrective action need to be taken, is the path identified correct or not, and so on. Having these detailed milestones is important for me so that we can monitor ourselves and the organization against them.

RS: Has there been any occasion or occasions when you have had to reflect on your style or approach and felt that you had to change it to be more effective? The question is, does reflection have a role when you are leading a huge change effort and what role does reflection play? Many a time we hear that leaders set a path and when they are down on that path, irrespective of what happens, they find it difficult to pause and reflect. In your experience do you find a role for reflection; do you get the time and the opportunity to reflect; what role does it play in your case?

CK: I think reflection plays a huge role and you know you have to keep doing it constantly. I don't think any leader should believe that any path set out is the gospel truth and that it will be achieved in the most beautiful manner and on an auto pilot basis. Reflection is important because today the world is very dynamic and the environment keeps changing. You may feel that you have a fair grip on what and how the environment will be changing in the next three years and that you have identified a change path for the next three years. But over those three years, even in one year, the environment may change in unexpected ways and you have to reflect to bring things back to reality on a continuous basis – to check whether everything you planned for is close to reality or not. I think this is one reason why you have to keep reflecting.

The second is that you would have assumed that the change will get implemented in a certain manner, but there are always things that you may land up doing better and there are things that you land up doing not so well and, therefore, you have to keep reflecting to check whether the pace and the manner of change have been moving exactly as what you thought of or do you have learnings to change your thinking.

The third is to keep reflecting to ascertain what impact the change is having on all the stakeholders – how are the employees feeling about it; how are the shareholders feeling about it; the analysts, the investors, the regulators; and the outside world. In my view, a leader has to constantly keep reflecting and with those reflections sometimes you may do minor course corrections, sometimes you may change some thinking entirely, and sometimes you may get a reinforcement to say that things are moving fine and encouragement to continue to move on that path.

Do I get the time to do it, I think there is no option; you have to do it; otherwise you would be living in your own world, of having announced a change and then not being close to reality. As a leader, I always believe in being very close to reality and it is an inherent part of my way of working, of being always very close to reality. I don't think it requires you to go to a secluded spot and say that I am doing nothing else but reflecting. In my view, reflection is a part of day to day working because the way you reflect is how you learn from everything that is happening, you learn when the results are out, and to know whether you are overestimating or underestimating. You learn from every interaction that you have with the stakeholders, and get to know what they are feeling about the change. Reflection is also more or less a part of how you keep implementing the change.

RS: We say change is inevitable and everything has to change, but when it comes to self, we actually hate change, we say everything is ok with me; it is the world and others. Many a change program fails because the individuals concerned don't see it that way. In your case, if you look back or you look forward, where do you think you need to have changed or you should change? Has there been any occasion when you looked at yourself and said, "Oh it's me who is coming in the way or it is my behavior and this needs changing"?

CK: I think even that has to be a constant exercise; because if you think over a three year period or so you will go through one big change process and you will at that time look at yourself and change, I think that neither works nor happens. What you have to do is with those constant reflections, you build in changes in your approach, behavior, leadership style, or in your expectations and your way of getting things executed, on a gradual basis. You don't just reflect on what is happening, you also reflect on why things are happening or not happening, and when you reflect on the why, some of these reasons could point towards you. You have to constantly keep bringing about those little changes and those changes are not always again just changes in you, but they are changes in you relevant at that point in time. At a certain point in time you need to be more authoritative, at a certain point in time you need to give more freedom to people. I would say there may be different tasks in the organization, where in some you may need a much more hands-on approach and in some you actually need to be more hands-off. You have to constantly keep evaluating what is and should be the right approach, behavior, etc. for a given task, at a point in time, keeping in view the kind of people involved and constantly keep calibrating the whole thing to suit that actual situation.

RS: Last question. Our parents' generation probably never talked much about work life balance. People were expected to work and nobody made any demands on those people and similarly the issue of happiness was something that people did not talk about much. But today these things are out in the open. How do you establish a good balance between work and life? How do you pursue happiness as a goal in itself, not just becoming wealthier or more powerful? The pursuit of work life balance and the pursuit of happiness are changing requirements that are being placed on working professionals. How do you see people coping with these requirements?

CK: Frankly, I don't see anything has changed here. In my view on work and life – if you decide to do both, you have to do both; there is nothing like balance, it is actually doing both. Yes, it is demanding; and yes, it means that much of hard work, prioritization, time management and so on, but I guess if you have decided to have a career and you obviously have a life, you just have to pursue both and focus that much more to be able to do both to their best extent. I don't think you can balance them in that sense and say eight hours of my day are devoted to work, and the rest of the 16 hours are devoted to family, or the other way round. In those 24 hours you have to do both and you have to do both well.

Coming to how do you pursue happiness or what the pursuit of happiness is all about: I make my choice and then I feel happy executing that choice and whatever that demands. If I make the choice that I will have a career as well as a life, then the fact that it requires hard work I don't crib about. I feel happy about it because I made that choice; otherwise I should make a choice of saying that I will not be able to handle both and, therefore, I will not work and will only manage my life sitting at home. In fact, the right pursuit of happiness is to be first very clear in your mind about the choice that you want to make and after that you have to give to that option whatever that option takes. You cannot then feel unhappy about it.

Dr R Sridhar is Executive Vice President – Human Resources for the Tobacco Business of ITC Limited. He completed his post-graduate education in Personnel Management and Industrial Relations at XLRI, Jamshedpur in 1982 and has been with ITC since. In 2007, he was awarded his Fellowship in Management by XLRI, Jamshedpur. R Sridhar is considered among the finest thought leaders in the HR profession in the country today. He met up with Ms Chanda Kochhar at ICICI's Corporate Office in Mumbai for this interview for the NHRDN Journal.

"Courage is the Key"

Bob Dudley
Group Chief Executive
BP plc

Robert Dudley ("Bob") is Group Chief Executive of BP plc. He became Group Chief Executive in 2010. Bob Dudely joined Amoco Corporation in 1979 and continued their until it merged with BP in 1998. Bob Dudley was appointed to the Board of BP in April 2009 as Executive Director with responsibility for the Group's activities in the Americas and Asia.

Prior to joining Amoco in 1979, Bob Dudley completed his Degree in Chemical Engineering from the University of Illinois and his MBA from Southern Methodist University.

Post the Gulf of Mexico incident in April 2010, Bob Dudley took over from BP Chief Executive Tony Hayward as CEO on 1st October 2010. He has led BP through very challenging times since then. Bob Dudley agreed to share with the readers of the NHRDN Journal, the major challenges he faced after assuming the role of Group Chief Executive during a period of crisis. He was interviewed for the Journal by Marcel Parker.

The NHRDN Journal was privileged to talk to Bob Dudley, Group Chief Executive of BP on the role of the Human Resources function in managing change, transforming business and enhancing competitiveness. Marcel Parker, Chairman of IKYA and a HR veteran put the questions to Bob Dudley who spoke with great candor and passion about the challenges he faced after taking over as Group Chief Executive during a period of crisis and how HR is enabling the ongoing change within BP.

MP: You have steered BP through a very difficult phase in BP's history, becoming Chief Executive in the wake of the Gulf of Mexico incident. How did this impact BP and how is it transforming as a result of this?

BD: The incident in the Gulf of Mexico was deeply regrettable. The impact it had on us has been tremendous and it has changed the way we think forever. BP has responded in an unprecedented way to help prevent such a tragedy from happening again. We are now firmly focused on three core areas: ensuring safety, restoring trust, and creating shareholder value. This has seen us take a number of steps in a transformation agenda, including establishing a new Safety and Operational Risk (S&OR) function, which reports directly to me, and reorganizing our upstream operations around a greater degree of centralization.

MP: How is the HR function helping align the people agenda within this transformation program?

BD: HR has helped us make considerable progress. One significant area has been reviewing our approach to individual performance management (IPM) and reward, simplifying processes, and ensuring that incentives are linked to long-term performance. The HR function has very strong capability within BP. Their role in translating strategy through to execution has been a major strength.

We have looked at other areas too, such as our crisis response mechanisms, and adapting our communications strategy through a greater understanding of how the media operates in such situations. A crisis affords you the opportunity to drive change and improve. Our learnings have been shared around the world, with governments and energy companies alike.

MP: What do you see as HR's role in creating an organization that has a relentless focus on safety?

BD: Working with hydrocarbons is a hazardous business, and alongside a respect for the environment, HR helps to ingrain a focus on safety in each and every employee. It's critically important, and at the heart of our new values.

HR has also been instrumental in setting up the new S&OR function. We have had managers from around the world working closely together to create the new organization, which has been a great accomplishment. HR fundamentally has a strong understanding of processes and implementation, which played a big part. In so many respects, I view HR as a strategic, rather than transactional function.

MP: Regarding culture and engagement, have there been any major initiatives in support of the longer term vision?

BD: HR has played a big part in defining and establishing a new set of values and behaviors within BP, working directly with myself and the Executive Team. Our values of Safety, Respect, Excellence, Courage and One Team are being instilled in a number of core HR and internal processes, such as performance management. Courage has perhaps differentiated them, in terms of doing the right thing and being true to what we stand for.

We also continue to focus on deepening diversity across the organization, not just through gender and ethnicity, but across geographies and communities. For example, 16% of our top 500 leaders are women, and our goal is to increase this to 25% by 2020. I'm particularly proud to have female leaders in locations where fewer women have traditionally worked in senior roles.

MP: Given the global footprint of BP's businesses, what are your expectations from HR in creating common standards to leverage its scale, especially as one of the challenges facing the energy industry is addressing skills shortages?

BD: By 2030, the world could need as much as 40% more energy – it's a global challenge that's actually only 18 years away. We need to match this growth in demand with the skills and capability to manage it. Sourcing and developing talent is prime on the list, especially in high growth economies like China, India and others. This comes with a host of considerations such as greater flexibility, sensitivity to diversity, language skills, community relations, and understanding the effects of technology on education and the way we learn. We also see differences in new generations – what's important to them, their values, their aspirations, etc.

MP: What qualities do you look for in your HR leaders?

BD: Our HR leaders are essentially the confidantes of our business leaders, helping steer and guide these individuals.

A key part of this is HR's understanding of the business itself, so it's crucial that we maintain their technical competencies on an ongoing basis, thus ensuring that they're trusted and respected. We are fortunate to have a very capable and professional HR team – they're our change managers and capability enhancers.

MP: BP has made a significant investment in India in the recent past. What do you believe are the key people drivers in India?

BD: India is an incredible growth story – the intensity of the economy, the industrialization, the high-value service. I'm impressed every time I visit India. You can sense the micro-commerce and enterprise, and an educated, young, English-speaking population is a major advantage. The agreement with Reliance is a great example of us entering into a high-growth partnership. As a region, India is a valuable source of talent for BP, globally. Incidentally, one of our highest profile leaders at BP originates from India, so that gives you some idea of the respect we have for its talent.

Marcel Parker is amongst the most respected HR leaders in India, having served in several important HR roles for over four decades. He is currently Chairman of Ikya Human Capital Solutions and is also actively involved with young people and corporate leaders as mentor and coach.

After graduating from St Stephen's College, New Delhi and the Indian Institute of Management, Ahmedabad in 1971, Marcel Parker worked with Voltas, Coromandel Fertilizers, VST Industries, The East India Hotels, Xerox, Royal Dutch/Shell, SAP and the Raymond Group in senior HR leadership roles. He retired from Raymond in 2008 as President, Human Resources. He has been very actively involved with NHRDN since its inception. Marcel Parker interviewed Bob Dudley for this issue of the NHRDN Journal.

"There is more change coming!"

N Chandrasekaran
Chief Executive Officer and
Managing Director
Tata Consultancy Services

N Chandrasekaran ('Chandra') is CEO and Managing Director of TCS.

Chandra has been responsible for articulating and ensuring execution of TCS' global strategy. He has led several key strategic transitions at TCS since 2002, when he took over the role of Head of Global Sales. In his role as CEO of TCS, Chandra was the architect of the new organization structure that was unveiled in 2008, which created multiple agile business units focusing on specific domains and markets, and established newer strategic business units to pursue new initiatives with the capability to invest, develop and mature new business ideas.

Through his experience in a variety of operating roles across TCS, over more than two decades, he has built a reputation in the IT services industry for his exceptional ability to build and grow new businesses and nurture long-term relationships. Chandra personifies the commitment of TCS to customer satisfaction and high quality of deliverables.

Chandra joined TCS in 1987 after completing his Master's in Computer Applications from Regional Engineering College, Trichy. He also holds a Bachelor of Science degree in Applied Science from the Coimbatore Institute of Technology, Tamil Nadu.

Sajiv Nair met with N Chandrasekaran for this interview for the NHRDN Journal at the imposing TCS Corporate Head Office at Fort, Mumbai and was joined by Ajoyendra Mukherjee, TCS's Global Head of Human Resources.

SN: TCS has been a pioneer in the Indian IT industry. In spite of many new entrants and 'challengers' in this market both in India and overseas, you have always maintained your leadership position. What are the factors that have helped you achieve this remarkable growth and maintain a lead for so many years now?

NC: First of all, our belief is that this industry has enormous potential whilst technology continues to gain increasing importance every day. If you look at the past several decades and where we are today, technology has fundamentally helped businesses not only become more efficient, but has also become a big driver for change and creation of high growth business models. At TCS, we continue to focus relentlessly on a few core themes – first, in terms of talent, we continue to pay tremendous attention not only to attracting talent, but also equipping them with the right skill sets. TCS has gained a reputation in the industry as the benchmark company for competency building. Second, we stay very close to our customers and our quest has always been to remain relevant and meaningful as far as our customers are concerned. Third, we continue to harness the knowledge we gain and then see how we can leverage it further in the context of the market, the customer and technology domains. We have done this ever since we started and continue to do this today. Because we started operations when the industry did not exist in its present form, we are comfortable with taking risks, exploring uncharted territories and trying out new things. Risk taking and an entrepreneurial mindset are at the core of the culture at TCS.

SN: You mentioned 'risk taking' ability and an 'entrepreneurial mindset' as strengths of TCS. What do you think are the unique dimensions of the culture at TCS that have enabled you to achieve such amazing growth?

NC: It is not only risk taking and an entrepreneurial mindset that drive our culture. Working collaboratively is another important dimension of our culture. I am of the view that TCSers work very well in teams, and the output of the team is always significantly higher than the sum of individual parts. You will see this in action all the time and even our customers will vouch for this. The other unique aspect of our culture is longevity in the Company. When we look at our managerial talent, we are happy that senior managerial talent has by and large been developed from within and have imbibed our strong value system.

The word "culture" is very difficult to explain. Many aspects of culture cannot be verbalized. I believe we have a unique culture that has various dimensions such as what is acceptable behavior, commitment, values, collaboration and team work. Culture is the sum total of all that we personify.

SN: Do you think your unique culture adds to the competitive advantage of the organization?

NC: Anything that you possess adds to your competitive advantage, as long as you leverage it. If you do not leverage it to your advantage, it can work the other way. I certainly believe we try to leverage the unique aspects of our culture for competitive advantage. We try to bring the power of TCS into everything we do. I wouldn't say that we are always at the pinnacle of this, but I think this gives us great advantage and provides us with enormous opportunities. We sometimes don't do it enough and when we do it enough, we do well!

SN: What do you think is the contribution of your HR function to this success?

NC: Without trying to be arrogant, I must say, with all humility, that TCS has demonstrated how you can scale-up a consulting professional services-based business model to a level that no one ever thought was possible. Ten years ago, nobody would have thought we could run a 50,000 people company and nobody would have ever dreamt that we could run a 100,000 people company, including ourselves. The fact that we have been able to scale up to a 200,000 plus people company and do it in a way where we keep our basics intact is significant and credit for this should go to the HR function in TCS. I think we have always believed that HR in TCS is everybody's business. The HR function has evolved over the last few decades: we have maintained the ability to attract and retain talent; the ability to train and enhance competencies; and the ability to nurture, develop and enable talent to manage change through employee engagement. Employee engagement is more easily spoken about than actually done. It is not like a simple relationship building exercise. To engage with employees who always have to deliver value to our customers requires a different kind of doing. The employee engagement aspect, the whole integration aspect, the whole mobility aspect, so many behaviors that TCS has personified have been shaped largely by HR in TCS. We have achieved success because we have been able to do this and we have a lot more success to achieve if we can do these things even better and also add additional things that we want to do.

SN: With a 200,000 plus global work force, how has the leadership managed alignment with a unified Vision across geographies and across cultures?

NC: TCS works as an integrated team. We have created business models and organizational models that are required to manage the expanding scale of our operations. We have evolved with time. As I said earlier, if you asked us ten years ago whether we would manage a 100,000 people company, we would have doubted ourselves. We did not know then how to structure a 100,000, let alone a 200,000 people enterprise. Today I feel we will grow into a 300,000 to 350,000 people enterprise, but I am not sure we know how we will structure it. We will figure it out as we go along. We are pretty open, we have a very open culture and we dialogue almost continuously. One thing we have done is to create an organization that "behaves" like a small company but has the advantages of a big company. Three years ago we changed our structure. We put in some basic tenets. We said that we have to run our company as smaller business units, with each unit having its own leadership team comprising a CEO, HR Head and a Finance Head. And then we made sure that each of these units has cohesive strengths, is adequately empowered, is able to move fast – is agile and nimble – and then has an identified core competency and a single point of accountability. But at the same time, we have focused on an organizational infrastructure which brings every strength of the larger organization to each business unit, whenever they want it. This change could not have been achieved without the intervention at the leadership level – at Ajoy's level, Maha's (TCS's CFO S. Mahalingam) level, and at my level – and there has been remarkable change management, which was achieved without creating any noise. We thought through it and put the new structure in place. It just happened – it is a research paper in itself... it is a big story.... it just happened... we took people into confidence, and it just happened, and today those units are all growing, and we have since then replicated the model. It has not only fostered collaboration between individuals, but also fostered collaboration between units and this industry is all about leveraging cross-industry expertise. What we do successfully in a retail business may be relevant for a telecom business, what we do successfully in a telecom business may be relevant for a banking business, and what we do in manufacturing, those processes, are relevant for all other industries when we drive efficiency. So those collaborations have come into the forefront.

SN: Do you think this change journey has concluded or do you think there are many more milestones to be crossed in this journey?

NC: This is a constant ongoing journey; it is going to keep happening, especially given the speed at which we are growing. For example, take Ajoy's unit. They just recruited about 70,000 people. I think it is a remarkable job that the team is doing. And it is not easy, because it is not only about recruiting. It is about expanding your family. It is about nurturing a culture. How do you get so many people in and how do you get them embedded in the culture, how do you very quickly get them to behave like a TCSer? Not by force. Also, it is about learning from the people who come from outside and what is it that we can change inside from what we learn from them. We believe there are a lot of things to change in TCS, and I believe that while we are nimble and agile today, I think we can be a lot more agile. It is a question of constant change. The simple answer to your question is "there is more change coming".

SN: Typically, as systems expand, complexities increase and agility gets impacted. The entrepreneurial spirit and risk taking ability get fairly "regulated" from the Centre. Do you see this as an impediment to the change process. How do you plan to address this?

NC: I think you have to write some rules upfront and accept history that has shown that when organizations become large they become bureaucratic. History has shown that when organizations become large they do not foster entrepreneurship adequately. There are five to ten such items or rules that we could easily identify. So there is no point in being in a mode of self-denial. It has nothing to do with you as an individual or as a management professional. When organizations become large they tend to become hierarchical and process centric. I assume that is the way it is and I want to break each one every day. So we as a team focus on what we need to change – our job everyday is to think about how we can empower the teams, how we can kill bureaucracy, how we can become more nimble, identify processes that we can remove, identify the ten things we are doing which we can stop doing without hurting the business. I actually spend more time removing things than introducing new things. Each time I think of introducing new things, I worry. So every time I want to introduce things, I think of two things that I must remove. The only way to tackle bureaucracy is – expect that it will happen and then see what we have to do to kill that. This is an ongoing process.

SN: Being a people-centric business, how aligned is your HR strategy to the business strategy? What are the metrics that the TCS leadership team uses to check this alignment?

NC: We develop a unique integrated strategy. There are four things I always think about, first is the customer strategy in any market that you enter; second is the people strategy; third is the delivery strategy; and fourth is the financial strategy. The overall business strategy has to be supported by these four. If these four are not integrated with the overall business strategy, you do not have a strategy at all. So we kind of integrate all these. In the reviews of strategy we look for alignment of all these four elements.

SN: What kind of skills sets and competencies do you look for from your HR team to strengthen the change process?

NC: First of all, I have this guy (pointing towards Ajoy, the Global HR Head) who has run a business before. What he is able to bring to bear is an extremely good understanding of the whole business strategy and business perspective. As Global HR Head, Ajoy plays an integral part in developing the business strategy, so he is able to translate it for his teams. And I do not have to spend that much time in communicating our strategy. Our HR team is always brought to understand the business. First is an appreciation of what the company is trying to do; second my mantra – I always say that the only job that we all have is to ensure that every employee in TCS realizes his/her potential. We say realize your potential, but we are still figuring it out because no one knows what their full potential is and I do not think anyone lives to realize one's full potential. Our job, therefore, is to create a platform by which people can realize their potential. Like this, there are innumerable activities that HR engages in, one set is things that they have to get done. For example, ensuring that appraisals are done, that employee engagement initiatives are executed, etc. But the most important thing is to not lose focus – the focus on helping employees realize their potential. We just keep working on it and we still have a long way to go.

SN: You have a global workforce, and you are growing. How do you orchestrate the process of leadership development across geographies and cultures?

NC: Leadership development is an area in which we are making significant investments. We are still not where we want to be. We have thought through some goals, though we have not communicated them yet. But currently what we are doing is spending a lot of time in integrating – people across the globe in every market and in every country – to be part of TCS. We do this by mixing teams; we send people from here to those markets to be part of those teams, and we are increasingly bringing people from there to work on projects in India. People from India have been very mobile, but it is not so from other countries. One of the things we wish to do is to encourage global mobility significantly. We do this by building diverse teams, driving diversity as part of the culture and driving cross-functional teams. There are six initiatives that we have thought through, which are aimed at identifying promising individuals and then providing them leadership opportunities. Rather than putting a metric – a number to the resource requirements for leadership levels, I would like to drive these initiatives by driving behavior. There is a risk of saying that I have to position so many people fitting this criteria. Point is, if you set a metric, it may get done, but if you drive behavior, and then let that take care of the metric, I feel it has a lasting and enduring impact on our leadership development process.

SN: Given the scale of your employee base of over 200,000, and your unique operating context, isn't the process of leadership development fairly complex? The question is how do you identify, nurture and develop potential leaders, people who will take TCS into the next horizon given this background?

NC: We do not think of TCS like that, we think of the organization in terms of smaller units. We have typically smaller units, of four to five thousand people. We look at these units and see how they throw up leaders.

Ajoy: To mention about the ASPIRE program for high potential talent that we have; we have a standard assessment process to identify high potential talent. Then we work on developing this talent, so that they can take on lateral roles as well as move up and they are encouraged to work in cross-functional teams, in multi-national teams and more diverse teams, so that they get opportunities to develop their cultural and behavioral dimensions, understand the business across service lines, etc. It is a fairly elaborate process and takes time.

SN: What would you say is the spirit of TCS today? Is it Indian, global or an amalgamation of different influences?

NC: I do not think this matters. The point is that out of the 220,000 people, almost 90% are Indians or people of Indian origin. So it is only natural that you will see a lot of Indian influence. There is nothing wrong with that. But the point is that we are a company that has a very unique culture with several unique characteristics. We want to nurture those cultural characteristics in all employees. We want to be very transparent and we want to grow a company that offers space and opportunity to every employee. We want to be a platform for all to realize their potential. That is the goal and when we do this we automatically create growth for the company, make a difference to the customer and a difference to shareholders in the process.

Ajoy: Of the total workforce, the Indian workforce that Chandra spoke about, 60 to 65% have spent time abroad, so from a mindset point of view, it is not a domestic-India kind of a mindset. The mindset is global.

NC: If you take people who have spent at least ten years in the company, five to six years would have been spent abroad and in at least three countries. For example, I have spent half of my time physically staying abroad and even now, every year I spend 50 to 60% of my time abroad. So we always think global. If I meet 500 people in a year, probably 350 of them are not Indians. So in this way we are global. I do not want to split this Indian and non-Indian. It does not matter – there are employees, customers, shareholders, opinion makers, society, and in the context which we and they live, we have to make a difference. That is a better way to address the issue.

SN: You belong to a relatively younger generation of leaders from the Tata Group, what do you foresee as your next big challenge in the next five to ten years?

NC: I think the industry has a unique opportunity to grow and the company has to continue to focus and leverage on this opportunity by being relevant. And that is a challenge, because when you are successful you tend to do more of the same thing, which we cannot afford to do, since change is happening even as we speak. Every minute there is change. So we have to change constantly whilst being successful and that is tough. This is because, often, we think that something else is always a safer choice. Secondly, it is a matter of scale. We have to continue to scale and maintain the rigor, the discipline, the values and all the dimensions that personify our culture. In particular, the Tata Group values require attention. We need to maintain and strengthen the Tata Group values. These things do not happen automatically. We need to continue to change and continue to evolve new business models. These are the things that I am always thinking about.

SN: Can you tell us about some of the HR initiatives that have helped the transformation process at TCS?

NC: One of our greatest strengths is that we do not departmentalize the company. A lot of our HR work is done by line managers. We think and work together; we bring HR into business and business into HR. I would say that Ajoy's team has done a fantastic job at that. The second aspect is employee engagement. The third is scale. HR has been quietly bringing about a lot of change. Whether it is changing the compensation model or expanding business into ten new markets at the same time, these just happen without any noise. The three aspects I would like to emphasize are business alignment, employee engagement and execution excellence.

Ajoy: In HR, a whole lot of our activities are actually handled and executed by line managers. Hence departmentalism will not work.

NC: We think that HR is everybody's business, marketing is everybody's business, innovation is everybody's business, culture is everybody's business, values are everybody's business, and these cannot be departmentalized. You can departmentalize certain other things like say administration; we certainly would not want everyone to be working in administration. Somebody has to conceptualize, think through, and drive the execution, but the way to do it is to get everybody engaged and internalize what has to be done. I think that HR has played a key role in getting everybody's involvement and engagement.

SN: Coming back to leadership development, since you are part of a larger conglomerate, is leadership development for TCS a TCS-driven platform or is it a part of the larger Tata Group platform?

NC: Each of the Group Companies is different, and each has a different set of strategic challenges and that needs to be appreciated. We leverage the group-level leadership programs but the leadership development for TCS is TCS-charted.

Ajoy: There are two important leadership programs that are done at the Tata Group level – the Tata Strategic Leadership program and the Senior Leadership Development program, one is through Havard and the other is through the Ross Business School that is organized at the Tata Management Training Centre (TMTC).

NC: All our managers are put through the Tata Group level programs. In addition, leadership development at TCS has other aspects as well – one is definitely team leading, role changes, rotation across geographies and markets, rotation through industries, functions and rotation through HR. We cannot do enough, but we do our best. For example, Ajoy has done stints in HR and Operations; our CFO has done stints in Business, HR and Finance. I have worked on resource allocation in my early days for a short period of time. We rotate people through jobs and functions and leadership development at TCS has a lot of rigor. At any point in time we know how many leaders we need at each level. I would say that all our top 50 leadership positions have an identified back up. At any given point in time we can take five people out and know which other five will take their positions. We have a very strong focus on leadership development and succession planning. But the growth of the company is such that we need to do more. So our leadership is not only the top 50 leadership positions, it is probably the top 5,000 positions.

SN: Given the unique structure that the company has, what role does the Corporate Centre play?

NC: We do not call it the Corporate Centre; we do not want to be isolated from the business. We enable, we stay in touch with the operating units, engage in reviews, and take part in strategy formulation. We are an active part of the business, but each unit is empowered to take decisions as well and we play a supportive role. Corporate HR plays a supportive role. However, there are certain things that are completely with Corporate and others that are completely with the unit. For example, compensation principles are with Corporate, but compensation ranking is with the units. The decisions on what the ranking would lead to are taken by Corporate in consultation with the units. I keep telling Ajoy that he is probably the largest spender in TCS, as he pays out about $5 billion each year. He has to think about how to spend that money most effectively. How do you compensate people if your wage bill is something of that scale? So a lot of thought is required on how to utilize that money in a fair but effective manner. It has to be performance-driven and those things cannot just be rationed out, but have to be explained to people. At the end of the day, we have a participative culture. So when we have meetings, people express their views. We do not want to push things through. We want to place the options on the table and explain to people why we do what we do.

SN: Going forward, what do you think are going to be two or three major challenges for the Indian IT industry?

NC: A sustainable business model – there are opportunities, but how do you create an enduring business model? How do you constantly change to be able to sustain the business? That's it. That includes talent, that includes non-linear growth, that includes everything – but fundamentally how do you create a sustainable business model, because organization structures are continuously being redefined. With all humility, how many companies exist that manage 220,000 people, all professionally qualified people? How do you think through this? These are challenges, without any defined answers. We have got to figure it out as we move along.

SN: Any message for young HR practitioners? What should they be focusing on in this age of growth and opportunity?

NC: What works for us is what I can share. It is very critical for HR to appreciate the business; business alignment and integration are very critical. Second, constantly thinking about ways to help employees realize their potential. This is very important. I think if we focus on these two things and do them well, all the other things will follow. Because everything we do is for a particular business purpose. So alignment is very critical. Every individual has potential. As long as we understand what that potential is, we will find the right roles. We will find the space for the person to blossom.

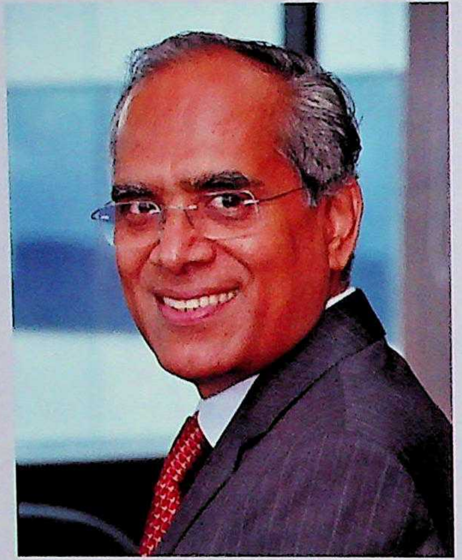
Ajoy: I think Chandra has outlined the issues aptly. Basically, alignment to business, no matter what type of an industry you are in, is critical. Unless and until you understand that, it will be very difficult to build talent and build the pipeline needed for the business to succeed. Further, the truth is, engaged employees are happy employees.

NC: Engagement calls for aligning people to business and working in a collaborative way. This will keep people charged up and help them deliver their best. And that's how they would be able to realize their potential.

Sajiv Nair is Manager, Corporate Human Resources at ITC Limited. Sajiv Nair joined ITC after completing his Master's in Personnel Management and Industrial Relations at the Tata Institute of Social Sciences, Mumbai in 2004. He has been with ITC since then and is involved with Talent Management and Remuneration & Reward Management. He also leads ITC's engagement with Technology and Management campuses. Sajiv Nair met up with both Mr N Chandrasekaran and Mr Lakshmi Narayanan for interviews for the NHRDN Journal.

"We expect our HR managers to think big!"

Lakshmi Narayanan
Vice Chairman
Cognizant



Lakshmi Narayanan 'Lakshmi' is a technology industry professional, with over 30 years of experience in Europe, US and India. His leadership experience includes corporate governance, customer relationship management and organization strategy. As a founding member of Cognizant, Lakshmi has been responsible for providing leadership for the company's high-touch customer relationship and delivery excellence model.

In his role as the Vice Chairman of Cognizant, Lakshmi guides strategic programs around customer advocacy, education, training and leadership development. He is the past Chairman of NASSCOM and was a member of the Board of the US-India Business Council. Lakshmi has received numerous awards and recognition from industry, media, and academia. He is an alumnus of the Indian Institute of Science, Bangalore and has pursuits in the areas of inclusive growth and education through the Cognizant Foundation and other institutions.

Lakshmi Narayanan spoke with Sajiv Nair for the NHRDN Journal on how Cognizant's unique HR practices have propelled it to an aggressive growth trajectory and what this growth means to each of Cognizant's employees.

SN: Good morning Mr Lakshmi Narayanan. We have all been tracking the growth of Cognizant – a trail blazer in a manner of speaking. It has been a fantastic journey of growth. You've joined the Fortune 500 in 2011, you've taken on big IT players within the country and internationally too! How would you describe this remarkable journey of growth?

LN: The three themes that I would like to talk about are: first, the company focus; second, leadership and third, the organization culture. On focus: Many people say 'Oh! Cognizant means high growth'; but internally, Cognizant means always being single-mindedly customer-focused. To our customers, Cognizant means customer focus and customer experience. What we are after is very clear. So that's the focus part of it – that we are single-mindedly focused on the customer and everything that is in the best interest of the customer. This focus on the customer, we believe, automatically results in growth.

Just to give you an example of how this happens: We don't measure customer satisfaction in the traditional manner like most others do. The way we look at it is: if the customer likes us, then he will buy more from us. Therefore, as we see it, just doing the same things over and over again will not necessarily lead to growth, but doing new and better things for the customer will deliver growth and generate new revenue streams for us and for the customer as well.

If the customer is happy and satisfied and we are constantly finding new ways to create advantage for the customer, growth will follow automatically. Growth is the measure within the company for all leaders. And by the way, the metrics that we use for leaders – be it for our business leaders, or technology leaders or HR leaders or our finance leaders – are the same. We don't make any difference at all. Customer satisfaction that results in growth is the true measure of performance. So a manager along with his HR team – we have in-built HR teams for large customer accounts – might have delivered 50% growth, but if customer satisfaction is low, then that is treated as zero growth for all practical purposes. That drives a sharp focus on very clear metrics.

For senior level leaders, it is 'customer happiness', growth and maintaining the culture of the organization that are important. So what kind of behavior does this call for from our people? To encourage innovation, to discover new opportunities for growth, we constantly ask them "What have you done last year in terms of innovation and what have you done differently this year?" This drives innovation and enhances competitiveness. To be rewarded and recognized, it is not enough to do great work in one year and do the same the following year. You will not be rewarded for doing the same thing year after year. What we look for is doing something different every year that adds additional value to the customer.

The second theme is leadership. People leadership; quality leadership; and leadership in marketing, are very important. But what is most important is leadership from the business perspective: from the perspective of driving convergence, leadership in terms of taking initiative, and individual leadership. This is one area where the HR function, especially the team engaged in senior level hiring, has contributed a lot. These are the people who come in contact with potential new senior level hires in the company and they have in-depth discussions with candidates from different sectors.

During these discussions they learn a lot. These learnings are made available to the business. For example: the idea of convergence – of communication, media, information technology, telecom, and entertainment – emerged some five or seven years ago when HR leaders interacted with people from outside. At that point in time there was very little known about the scope and magnitude of convergence. It was one of our HR leaders who pointed out that there were a lot of things happening in this space, whilst we did not truly understand the technology aspects, we were able to find high potential candidates from the entertainment and communication segments who were able to talk our language as much as or even better than some of our technology experts... this is an example of one area where we were one of the earliest to integrate all practices together as an industry vertical.

Rather than being in 10 to 12 industry verticals, we looked at four broad verticals and truly believed that convergence was going to play an important role in creating the future. This is how the HR function has played a critical role in creating a structure for our business model.

The last aspect is about the culture of the organization – a culture of working on and capitalizing on opportunities. In order to leverage opportunities, you need to have an entrepreneurial culture, where nobody second guesses. It is a spirit of entrepreneurship and a spirit of experimentation. To encourage people to experiment on new things, maintaining a culture and spirit of entrepreneurship is important. This is where the HR function plays an anchor role in maintaining this culture and propagating and communicating this culture to thousands of people who come into the company. It is not only about training, but also about highlighting the direction – of what worked for us – and highlighting our growth model. Our people are bright; they will learn and will perform when they are empowered. This is a key strategic dimension of our approach to growth: using culture to align growth and customer satisfaction.

SN: You spoke about convergence and fostering a culture of entrepreneurship at Cognizant. At Cognizant, how do you use culture as a tool to balance the need to have an entrepreneurial spirit and the need to have measured risk-taking ability?

LN: The way to nurture a spirit of entrepreneurship and get people to experiment is to affirm. Through feedback from customers and customer satisfaction indices, people in all areas should feel empowered to meet the overall company goals of customer satisfaction and growth. That is all we worry about. This empowerment works down the line.

Empowerment for us is marked by certain key principles. You are free to do what you want; you don't need to ask for permission as long as your initiatives are within the defined parameters of the organization. At times when help is required, it is the individual's prerogative to ask for help. The second principle of empowerment is that leaders have the right to ask you about the status or progress of a project or for data pertaining to a project. Whenever you are asked for information, you are duty bound to provide the same. Leaders won't bother you with a "give me a weekly status update". However, if they think there is a potential risk they may ask for data. If you are in trouble, you must ask for help.

We encourage our people to work on any idea if they believe it has the potential to create value for the customer. We tell our people very explicitly that if they have a great idea, then they must start work on it immediately and not wait to seek approvals or endorsements. In this way, empowerment is escalated to the next level. This reinforces the organizational culture of entrepreneurship, which does not focus on judging on whether an idea is good or bad.

SN: What do you think are your two or three big challenges in the next five years as you chart an even more ambitious growth path for Cognizant? You are already slated to cross $7.5 billion this year, congratulations to you in advance.

LN: Thank you for that. The big challenge to work on is a kind of an unknown. It is what we broadly term as the future of work – the future of work driven by technology based on mobility platforms. A future that is driven by the millennial workforce, a different breed of knowledge workers who are highly ambitious, highly capable and confident. They have grown up in a very different environment. As employees, their aspirations are different. More importantly, changes in the customers' expectations are a big challenge, especially with globalization, where everything and anything is available to anyone, anywhere in the world.

Another dimension is the virtualization of work. These are some of the core aspects that are going to drive the future of work, the future of the workplace, the nature of business and work in society. We still have not understood fully what that can be. We feel that it is social media and social networks that will define the future of work. The quest is for an appropriate 'social stack' on which we can build our business model. Earlier, we had a technology stack on which we built our model, but today the shape, form and size of the 'social stack' is a matter of research. That's something that will evolve in the next three to four years.

Our biggest challenge is to participate in the evolution of that 'social stack', to be amongst the leaders working in that new paradigm, and to leverage the opportunities that emerge out of that convergence.

SN: Coming to Cognizant's Human Resource strategy, what are the elements of alignment that your HR team strives to achieve between your business and your HR strategy?

LN: Foremost in our HR strategy is to acquire top quality talent wherever and whenever it is available. The focus is on talent; we do not hire against requirements. Campus recruitment that happens every year occurs in line with our growth plans. But all other hiring that happens is focused on talent, because we believe that quality talent will come in and contribute to the growth of the organization. We do not look at acquiring talent from the market in order to "fit" them into existing roles; rather we look at getting talent from outside and encouraging them to blossom in the organization, either by giving them existing positions or creating new ones for them. The HR mandate is very clear. The new people who come in should be aligned to the spirit of the organization and to the overall goals of the organization. The reward structure within the company is pretty simple and reinforces this alignment. One component is the basic compensation, which is for the responsibility you shoulder; the organization is highly performance-driven and, therefore, the other component of reward is based on how the job is done – with responsibility, speed, innovativeness. This translates into higher yearly rewards. The third aspect is that stock options are performance based. No performance gets rewarded more than once. This brings about a very sharp alignment between our HR strategy on the one hand and business imperatives and customer experience on the other.

SN: The quest for a crystal clear idea about the future and about an appropriate social stack on which future business models can be built, calls for futuristic thinking and forecasting. How involved is your HR team in the process of understanding the opportunities that exist in the future and the kind of organizational capabilities that need to be developed in order to harness those opportunities?

LN: In Cognizant, the HR team was the one that came up with the idea of how social media could be utilized within the organization without restrictions. There are no rigid norms pertaining to social media, what people learn from social media, and how it can be leveraged for productive work purposes. The HR team is striving to ensure that barriers are not created to constrain employees. They encourage a lot more freedom and an open environment. This is a significant contribution. The business expectation is that no constraints should be placed on using social media, as long as people act responsibly and respect the culture of the organization.

And for this to be ensured, the recruitment processes have to be rock solid.

You have to make sure that you get the right people, which I think the HR function addresses well, by relying a lot more on referrals for direct recruitment of highly skilled knowledge workers. I think our HR team has played an exceptional role in understanding the needs of the workforce of the future and translating them into business-enabling processes.

SN: You identify yourself as a US Corporate citizen, yet you are probably one of the most global organizations in the world today. How do you manage your varying talent needs across geographies and how do you balance this with the need to develop a common leadership pool for the future?

LN: It is very interesting. We believe that we will attract good talent wherever such talent is available. It is important to acquire this talent, because it is this talent that will create growth for the company.

I will give you an example. Yesterday, a Swiss delegation remarked that Cognizant Switzerland is probably the largest India-based company that has grown to become one of the largest Swiss companies! We have a lot more local people employed there. This is a part of the DNA of the organization. The mindset is wherever there is talent, go after it; wherever there is business and where we are able to invest, go after it.

This mindset is of critical importance. During the early formative years, we worked very hard on building talent globally and becoming a global corporation. That is a part of developing a global mindset. We believe our future leaders will emerge from the talent pool across our geographies and businesses.

SN: When we speak about the evolution of the Human Resources function, one reminisces about the old days of Personnel Management moving to Human Resource Development and then to Strategic Human Resource Management. Being one of the co-founders of your organization, how have you seen your HR function evolve from the time the company was born?

LN: It has evolved in two phases. The first phase was a much more challenging phase where the HR function was functioning in a very traditional manner. Aligning the HR function to business was a big challenge. These alignment issues were there because HR managers did not understand business as much as the business leaders did. HR managers looked at short-term goals such as managing recruitment, attrition and compensation rather than having a long-term perspective towards building organizational capability. Therefore, the issue that we needed to grapple with, was about being more focused on long-term goals than on the short-term ones. The two challenges were – driving alignment between business and HR goals and ensuring that the focus was on long-term rather than short-term goals.

It was soon realized that it was not feasible for a business leader to run the HR function. It is a specialized function where professionals bring in their professional expertise. We had challenges. Our HR managers realized that what they needed was a better understanding of the business on their part in order to be able to contribute more effectively to the achievement of our business goals. Therefore the HR team took on greater responsibility for thinking about strategic issues and getting a deeper understanding of the business.

SN: As the head of a large organization, what are the capabilities that you seek from your HR leaders – today and for the future?

LN: One is to clearly understand the overall business model and understand what are the basics of what we are trying to provide to our customers and what challenges the customer faces. An in-depth understanding is the key. Second is the ability to think big and think safe. We have eventually become a very large organization, our mindset of thinking big still needs to be reinforced. We expect our HR managers to have the ability to think big too. To be able to communicate down the line and nurture the culture of the organization is another critical skill. Our HR managers must have the capability to leverage our culture of high performance for achieving our business goals. Through effectively using reward programs and fostering a spirit of entrepreneurship, the HR function would need to partner businesses to drive growth.

SN: Give us more examples of key HR initiatives that have directly impacted your top and bottom lines?

LN: I'll give you the example of an initial program on customer orientation. In response to a question such as how do I explain our customer focus to a person who has just joined the company or to our employees, the HR team developed a leadership program that focused on customer understanding and customer orientation. We collaborated with Bala Balachandran of the Kellogg School of Management to design this intervention. We developed a program centred on customer advocacy. This was not like any standard training program. The HR team's initiative, starting from customer satisfaction to customer delight, to explaining our customer focus and orientation to new entrants into the organization or even communicating this orientation to senior managers recruited laterally, was outstanding. The HR team developed a model for measuring customer orientation and customer relationship maturity.

SN: What advice would you give HR managers from India in the context of rapid changes in the business context? What do you think they should be focusing on in order to deliver even greater value to their organizations?

LN: For HR managers, the foremost thing to do is to build a unique culture of the organization around the customer, products, services, manufacturing and markets. They must build a culture that places a premium on performance. Having done that, they must focus on empowerment of employees. Not just empowerment, but believing truly in the potential of each individual is important to unleash his/her potential. One needs to take risks, break the rules and trust in the potential of the employee. This will provide true, sustainable value and drive growth for the organization.

> "Collaboration is vital to sustain what we call profound or really deep change, because without it, organizations are just overwhelmed by the forces of the status quo."
>
> — Peter Senge

CHANGE, TRANSFORMATION AND ENHANCING COMPETITIVENESS

- Case Studies

This section contains six very interesting case studies of how HR has helped manage change, transformation and enhanced competitiveness.

Purva Misra, Senior Vice President – Human Resources at MakeMyTrip.com, shares some fascinating insights on what it takes to manage Gen Y in new-age companies. Considering the fact that by 2025, Gen Y will make up roughly 75% of the world's workforce, employers cannot afford not to take notice and organizations must keep in mind the dynamic nature of this workforce when formulating their people strategies. From her experience of managing Gen Y, Purva Misra suggests that organizations that are able to marry the experience and wisdom of the previous generation with the new ideas of Gen Y, will undoubtedly lead the way to success.

Saurabh Govil, Senior Vice President – Human Resources, Wipro, shares with us the fascinating story of the change that has taken place in Wipro over the past 18 months and the role that HR has played in designing and implementing organization-wide change initiatives. He outlines five learning nuggets from the change story so far and whilst in his view, the journey of transformation is far from complete, Wipro has identified the right elements to work on and has made good progress on several fronts.

Rajesh Ramanathan, Executive Director – Human Resources, Kraft Foods, shares with us the fascinating story of the merger of Cadbury with Kraft Foods, based on the principle of "Best of Both" and how HR enabled putting in place a new organization, drawing the best from both Cadbury and Kraft to create a vibrant and dominant snack foods company in India, that boasts of some of the world's most valuable snack foods brands.

Shantanu Dhar, Assistant Executive Director – Human Resources, Dalmia Cements, tells us about the transformation agenda at what was formerly a promoter-led enterprise, transforming it to a US$ 1 billion enterprise by 2010 and well on its way to realizing its vision of becoming a US$ 10 billion company by 2015. Shantanu Dhar shares with us details of the various initiatives that have made this transformation possible. Indeed, a very inspirational journey.

Preeti Gupta, President – Rewards & Performace Management, Aditya Birla Group (ABG)tells us about the ABG change management model, that puts people at the heart of its strategy. Change management at ABG is a facinating story of how the model has enabled a multi-billion global corporation to transform each of its global businesses into a leader in its global product market.

K S Jamestin, Director - Human Resources, ONGC, shares with us the facinating story of how HR has helped manage change and enhanced competitiveness in one of India's premier public sector corporations and how ONGC has leveraged its people strategy by giving its people a unique sense of purpose and meaning. Considering the constraints that public sector enterprises face in terms of rewarding talent, ONGC, through its unique HR practices, has succeeded in retaining quality talent and achieving performance standards that compare with the best, both in the private sector in India as well as with oil and gas companies globally.

Purva Misra is Senior Vice President – Human Resources at MakeMyTrip.com. As ultimate owner of the HR function, she is responsible for business results through people. Her key focus areas include Strategic Hiring, Talent Management, Leadership Development and driving MakeMyTrip's relentless efforts on being a great place to work. With over 15 years of both management consulting and operations experience, she was previously associated with Aon Hewitt and Max Healthcare. Purva Misra has managed HR across 10 countries in Asia Pacific, is a certified Executive Coach, and has worked with diverse professional groups.

An Economics graduate from St. Stephen's College, Delhi, Purva Misra received her MBA degree with honors and a Gold Medal from XLRI Jamshedpur. A yoga enthusiast, she enjoys spending time with her children and driving her SUV!

Management in the Facebook Era

Purva Misra
Senior Vice President – Human Resources
MakeMyTrip.com

Blink, the world changed

Today's workforce is not what it used to be 10 years ago, especially in newer industries like e-Commerce. Gone are the days of managers raving about someone who knew how to write macros in Excel or a team member who could put together a perfect power-point. The new generation brings an ultra-tech work environment with innovative styles of communication and working, which may not follow form, but surely do convey effective messages and achieve results – with internet speed! A younger and well-qualified workforce in organizations has arrived and is increasing by the hour.

The Gen Y or the "Net Generation" DNA

The uber cool, confident and super-energetic Gen Y is taking the corporate world by storm. In order to work with them, it is crucial to understand their DNA. Born after 1980, the Gen Y workforce does not want to be dictated to and wants to take matters in their own hands. Gen-Yers are self-directed, results-oriented, and actively seek advancement opportunities.

Based on repeat expectation surveys done by MakeMyTrip internally, this current (and future) workforce:

- Demands increased and instant rewards and recognition for work well done.
- Believes in aggressive pay packages and is happy to discuss ROI of their compensation with you.
- Wants adequate leave for managing a social life or 'my time' – not for building secure encashment balances.
- Desires a quick climb up the corporate ladder – surely, promotions need not be an annual cycle!

This generation has a passion for making their voices heard and creating an impact. They are here to challenge the successful policies of yesteryears. At MakeMyTrip, for example, we have debated the efficacy or even the purpose of a time recording or leave management system. Our data shows no significant benefit on employee productivity or engagement by using this process. In fact, the Gen Y "inner motivation" feels restricted by rules. Hence, we use alternative methods of managing work discipline – company transport timings and review meeting schedules.

Gen Y has the urge to contribute something new and unique to every task they set out to do. The impetus for this is their inner drive to excel and be a step ahead of their peers. This generation has been feeding on the principles of equality and the power of merit to get recognized and rewarded accordingly – a quality instilled by Gen X parents, teachers, and managers. It is, therefore, important to ensure that they are treated in a fact-based manner. The nature of MakeMyTrip's performance system is, accordingly, heavily tilted towards quantifiable results – a language well understood by this workforce.

This generation thrives on the power of technology and social media. As "digital natives," they have a keen desire for flexibility, yet maintain a preference for speed and efficiency. They are also willing to put in the time to stay 'digitally literate' as technologies change rapidly and competition heats up. Social activity is one of the key priorities of the millennial workforce. A Gen Y and Facebook study, done by Millennial Branding, shows that Gen Yers are using their personal networks and profiles as an extension of their professional personality. Even though they are using Facebook to mostly socialize with family and friends, they are inadvertently blending the two. 64% of Gen Y fails to list their employer on their profiles, yet they add an average of 16 co-workers each to their 'friend' group.

In Cisco's recently published Connected World Report, out of 2800 college students and young professionals under the age of 30 and hailing from 14 countries, approximately one in three said he/she would prioritize social media freedom, device flexibility, and work mobility over salary in accepting a job offer. 64% of college students ask about social media usage policies during job interviews and approximately 24% say it would be a key factor in accepting the offer. There is also a high expectation of the employee for the employer to offer a flexible schedule and freedom to work remotely. The importance of social media has led MakeMyTrip to redefine its policy towards these sites. We allow for unrestricted usage of social media; the only accepted condition being that work output does not suffer.

Hiring Gen Y

To attract Gen Y is a difficult task. Gone are the days when giving new hires an adequate salary, bonus, perks, and career growth was sufficient to attract them. This generation now looks beyond this bare minimum requirement. They look forward to work place 'uniqueness'. At MakeMyTrip, where the majority of our workforce is in the age bracket of 22-30 years, apart from offering competitive and simple pay packages, we invest heavily in our core value of Fun@Work. The most stressful projects are delivered in an environment filled with Hackathons, Ideathons, Samosa Breakouts, Weather-god food blessings, on-site tug of wars, quizzing, team outings, celebration of festivals, etc. It is not unusual to have business reviews break-out to a few quick knocks at the Fooz-ball machine or Ping-Pong wars. Fun is not programmatic, it is spontaneous and engrained.

The ever increasing social networking links of Gen Y enable them to know what their counterparts are being offered and what are some of the best practices in the industry. This information empowers candidates to question and ask for the same treatment in a potential organization. Static, once-a-year benchmarking can no longer be relied upon to drive rewards programs and policies. Along with annual benchmarking exercises, constant research on job portals and professional-cum-social networks is required to stay updated.

Professional sites, like LinkedIn have changed the way we hire and our cost patterns of recruitment. The MakeMyTrip pie towards hiring sources is shifting towards direct sourcing and candidates are happier when they receive calls directly from the potential employer and not an intermediary, who can hardly describe the role. Referring a 'friend' is our next biggest source; consultants and third party providers are increasingly sources relied only for select hires.

As such, at MakeMyTrip, one of our key HR priorities is to be active on social networks; the skill sets in the HR team have accordingly changed. For example, tech and internet savviness holds greater premium than labor law knowledge when hiring HR professionals.

When choosing an organization, Gen Y also places priority on whether their peer group and social network is employed with a prospective organization. Being awarded among the Top three Best Places To Work, for two consecutive years, and a very active Employee Referral program pulls people and genuine friends to come and work for MakeMyTrip. Pre-existing camaraderie has other advantages too – besides building natural bonding, retention is also easier.

Referencing candidates has also undergone remarkable change. Googling is considered as accurate and as important as the "two references furnished on request".

Engaging Gen Y

Motivating and inspiring Gen Y is a challenging task. This dynamic group is continuously looking for better work opportunities and work satisfaction factors. Added to this is the extensive reach of the internet with information being available within minutes. A host of new career options are coming up every day which break the monotony of a regular office job and provide the excitement of pursuing one's passion. With all these overwhelming options, it becomes imperative that organizations find innovative ways to keep their employees motivated to work with them.

A key need of Gen Y is multiple platforms to voice their opinions and ideas. They do not hesitate to challenge the status quo and look for a logical answer for every process followed. They demand attention and a listening ear from their senior leaders. Brushing off their queries will only land the organization in trouble – it is worthwhile to invest time in communication. Gen Y wants to be treated with respect and on an equal footing with their seniors in terms of contribution to the organization's way of working. They wouldn't mind teaching a thing or two to the more experienced people and see no shame in asking for help. Open and honest communication is very important with Gen Y employees. They need to be told in clear terms the expectations that the organization has from them and the procedures they need to follow at the workplace. They prefer face to face dialogues with their bosses and look for feedback on their work regularly.

Over and above '1000 performance conversations', some of the ways Trippers and their managers and skip-levels stay in touch are off-sites, cross-department lunch-outs, All-Hands meetings, Senate sessions, insta-polls, broadcasts and blogs. Our iconic Town Hall Meetings (THM) "indoctrinate" and bring together new hires into the culture of the organization. Top performing employees are felicitated and their success stories are told to enable new joiners to take a leaf out of their books. Leadership Connect sessions consist of talks from eminent industry experts who share their wisdom and experience with employees. Employees ask questions and "unpack" many of the problems they struggle with at the workplace in these participative forums.

Gen Y loves their work and pursues it as a passion – recognition for a job well done is critical to keep the Gen Y workforce motivated. They want their work to be appreciated and given deserving rewards. Rewards not only mean monetary incentives, but the intangibles as well. At MakeMyTrip, "HallaBol" is a framework for constantly recognizing Yodhas, month on month. "HallaBol" literally means loud and visible public recognition – certificates are given by managers with happy cheering from neighbors – this celebration makes the award special, not the actual rupee value.

As accolades for their noteworthy work, Trippers are awarded with job rotation to satisfy their hunger to do something even more impactful at the workplace. Increasing autonomy or the opportunity to drive your own idea as a project are other ways of motivating our people.

Retaining Gen Y

Earlier, employees were evaluated by the organization as being fit for the company or not. With Gen Y, a new trend has emerged. They look at their fit with the organization and take the decision to stay or leave accordingly. A very important aspect in retention of such aspirational people is freedom to work in their own way. Very few organizations are able to offer this freedom.

For example, Best Buy launched the Results-Only Work Environment (ROWE) program, where employees in participating departments are allowed to work virtually anywhere, anytime, as long as they successfully complete their assignments on time. This shift increased productivity 41% at headquarters and decreased turnover by as much as 90%. Google designated 20% of employees' paid time as time to work on creative personal projects. The company also offers unlimited fruit, luna bars and vitamin water, a gym, and playroom to keep people energized and to take breaks when needed. But such programs are still the exceptions to the rule of an individual required to work between 9-5, 5 days a week, every month. This mindset of any organization needs to change because the next generation of workforce is simply not convinced that showing your face at the office is required any more, or even relevant!

The freedom to start any new project, being accountable for its execution and follow through, is something that MakeMyTrip has always given its employees. The freedom to make mistakes without the fear of being reprimanded is one unique thing that all Trippers cherish. To promote teamwork and bonding among employees, MakeMyTrip ensures that organizational achievements are celebrated and the fruits of success are shared with all. At MakeMyTrip, more than 70% of employees own stock in the company. The listing of MakeMyTrip on NASDAQ was celebrated with equal fanfare and actual replication of the NASDAQ listing experience via a "ChaloAmrikaa" theme event.

Another aspect of Gen Y retention is allowing employees to live life to the fullest. Gen Y find enjoyment in work but need time for their hobbies as well. The need to socialize and explore new experiences is very high in members of this generation. With increasing hours at the workplace, it is almost obligatory for employers to help realize this need. MakeMyTrip has active and wide-ranging clubs to support Tripper needs – eg. Social Tripper, Fit Tripper, Career Tripper, Lady Tripper are just some ways that we engage our people. Over and above this, offering flexible work arrangements is another attractive measure to maintain work and life balance and retain people in the long run.

Developing Gen Y

An extra effort has to be put to not just retain, but also develop Gen Y talent. Increasing competition, employee aspirations, and speed puts a different complexion to the traditional ways of developing people. Apart from using more 'tried and tested' methods based on competencies, such as development centres, skill based training, etc., MakeMyTrip's key differentiator is hands-on, experiential development. 'Fam tours' – ie. go discover travel destinations rather than learn about them is one such example. Our most creative itineraries come from avid travel buffs who have 'lived' destinations themselves. Another unique development technique is bite-sized chunks – short crisp programs. The third is 'avid learning hunger' by exploiting the internet. Instantaneous dissemination of information and new happenings is sent to people constantly and throughout every work day to equip people and keep them abreast of the latest and the best. MakeMyTrip also believes that many smart people may not have had the privilege of completing education due to a variety of reasons. Trippers are offered 'Enhance Education' programs along with their jobs to build academic credentials, remain market-competitive, and remove career stallers.

In Conclusion

Described above are just some of the key Gen Y needs and management principles that MakeMyTrip has used to understand and address them. Clearly, greater effort, research, and sharing of best practices by organizations will help improve our collective ability to deal with Gen Y.

A BPW Foundation's Gen Y study published in April 2011 noted that by 2025, Gen Y will make up roughly 75% of the world's workforce. With this many 'millenials' making up the majority of the workforce by 2025 – only 13 years away – employers can't afford not to take notice or make significant efforts.

Gen X managers will need to change mindsets to deal with this 'new employee'. This generation's output, commitment and loyalty is not dependent on just the years spent in an organization (like their parents), but is a function of the impact of their work on the results of the organization. They believe in evolving with changing times and not just 'sticking to' what they are good at. Previous generations were satisfied with a secure work environment and a 9-6 job. Gen Y is open to take risks to boost their earning potential. They don't mind working round the clock to get the extra edge over their peers.

This dynamic nature of the workforce and its approach to life must be kept in mind by organizations before charting out policies and procedures for their people. Also, HR managers will need to evolve a method of "different strokes for different folks", while maintaining threads of consistency. The alignment of older and newer employees into a common set of principles will stretch the thinking ability of many of us. Organizations that are able to marry the experience and wisdom of the previous generation with the new ideas of Gen Y, will undoubtedly lead the way to success.

Saurabh Govil is Senior Vice President – Human Resources for Wipro's IT Business. He has been a HR pactitioner for over two decades, having graduated from XLRI, Jamshedpur in 1989 where he completed his Master's in Human Resources.

Saurabh started his career as a Management Trainee with ITC Limited and in his 12 year stint with ITC, covered a variety of roles in the Tobacco Division. He joined GE in 2001 as Head of HR for the IT business of GE Capital Services. In 2004, Saurabh moved to GE Healthcare to head HR for the Asia Pacific business. In this role, he also provided HR leadership to the Wipro-GE JV. In his last role before joining Wipro, Saurabh was Director HR for GE Healthcare in the Middle East, Africa, Russia/CIS, Turkey and Central Asia, based out of Dubai. He joined Wipro as Senior Vice President – Human Resources in 2009 and lives in Bangalore with his wife and two sons.

HR and Business Transformation

Saurabh Govil
Senior Vice President – Human Resources
Wipro

I've never been much of a philosophy buff. A corporate denizen for over two decades now, the here-and-now reality of business generally appears very far removed from classical philosophy. Or so I thought.

In January 2011, I found myself in the midst of events that would remind me of Heraclitus, a Greek philosopher who said, "The only constant is change"...2500 years ago! I had been with Wipro for two years at that time, and, along with my colleagues, was about to set into motion a series of changes targeted at revitalizing and transforming the shape of the organization, our ways of doing business and ourselves.

The story so far – about Human Resources at Wipro

Before I tell you how we went about these changes, let me first step back and explain the role of Human Resources at Wipro. Our HR team spends most of its time enmeshed with teams from businessess, and together we run talent management for over 130,000 employees.

HR & Strategy – Wipro's IT business is a knowledge enterprise and every year, when individual businesses frame strategic plans for the year, the people aspect is at the core of their strategy.

- Once business drivers are established, the question that gets asked is, "What capabilities do we need to achieve our goals?" HR presents an as-is capability map to the business, which tells us where and how strong we are, in terms of competencies, domain expertise, technical expertise and the leadership funnel.

  We then superimpose this map onto the strategic business drivers in order to understand what new capabilities we need to develop or hire, which ones to increase focus on and which ones to hold steady or phase out.

- Easy this may sound, but it is a complex and difficult process, for two reasons. Firstly, we are a large matrix organization, with a vibrant, global network of experts from across technology, domain and functional areas. While identifying and planning future capability building priorities, care must be taken to leverage the matrix to its fullest. The second reason is that forecasting capability requirements is not an exact science; at a time when the world of business is fraught with ambiguity and uncertainty, looking into the future to predict capability areas can very well call for the skills of an augurer. HR plays the role of an anchor here, by asking the right questions in order to enhance clarity of thought and bring stakeholders to a convergence. It also acts as a functional expert, to identify the right framework to build capability.

- Business HR leaders enjoy a dual insight into business imperatives and functional knowledge; they leverage this advantage to seek out partnerships from other specialists within and outside the organization to piece together an approach that is as effective as it is best-in-class.

- The effectiveness of business and capability strategies is tested by their execution. Strategy is executed via various processes and initiatives that fulfill business drivers. Some of our core people processes are to do with talent acquisition, engagement and development. While these processes are generic to all progressive organizations, the method and style of execution tend to differ.

Engaging the Crowd of One

Our engagement approach is built on advocacy and inclusion. Traditionally, engagement has travelled in two directions only: top-down and bottom-up. Large or small gatherings, for example "All Hands Meetings" create visible impact in terms of transparency and culture augmentation. We have replaced this traditional approach with a richer, multi-directional one, aimed at creating a truly engaged workforce.

- Peer engagement, which is neither top-down nor ground-up, is a powerful emerging driver of culture and engagement. Imagine the combined impact of a 130,000+ strong, superbly networked and committed workforce on engagement, process and culture! Peer networks are an integral part of life at Wipro, a world within a world. Advocacy groups, support groups, learning groups, discussion groups, and many more flourish and keep the engagement machinery well-oiled. For instance, in the summer of 2011, we created an

Employee Advocacy group, consisting of volunteer employees who come together, as peers, for a common goal.

- Employee forums allow us to crowd source innovative ideas from the employees. HR creates the enablers for such peer engagement networks to keep the process fair and uncluttered – and then steps back, so that they can work freely.
- We have leveraged the social media technology to create an ecosystem where people collaborate, socialize and learn. To build a collaborative culture, connect geographically displaced teams, preserve and share knowledge, we launched a social networking space where over 100,00 employees and 3000 active communities exchange thoughts, upload photos, make new friends and simply network.
- Each line HR practitioner spends at least one third of his/her time on deeper engagement with individuals and smaller teams.

Career takes Centre-stage

While engagement continues to be a high priority, building careers and competencies is a key driver of future competitiveness.

- A few years ago, we set about revisiting and streamlining our core talent management processes such as job role standardization, rotation and career development. The foundational work on these processes had begun well before the changes of 2011. As is the case with most IT services organizations, in Wipro too, the vast majority of the organization consists of what is known as 'delivery'. IT service delivery is, in simple terms, all that takes place after business deals are signed with clients – delivery forms the backbone of the organization.
- The delivery community is a diverse, global workforce, consisting of young engineers just out of college, to tenured leaders, to technology specialists and advisors. We created a master inventory of roles for this group, with a clear mapping of responsibilities and competencies. Based on this, assessments were held to arrive at a baseline, which resulted in individual level career roadmaps. This huge initiative was structured and led by HR, with rich inputs and guidance from business leaders.
- The outcome of this initiative was a role-based career framework that covers the depth and breadth of positions. Roles are well-defined in terms of responsibilities, result areas and competencies. These in turn are clearly aligned to client and organizational business drivers. The framework ensures that the right person fulfills the right job for the client. Employees have complete access to the components of the framework and understand that the intent behind role fitments and rotations is to create a win-win for the client and employer. Learning and development interventions are customized to performance and developmental needs of positions and persons.

Managers hold the key to the Future

Building managerial capability is a high priority for now as well as the future.

- The manager is one person who is expected to be ubiquitous. Not only that, he/she is expected to morph into different personae, while interacting with different stakeholders: clients, industry peers, colleagues, team members. Added to this are a manager's own career and personal aspirations. We believe that enabling and building a strong middle management will greatly enhance our competitiveness.

- Human Resources practitioners and developmental experts spend a significant amount of time in building operational and talent management capability for mid-level managers. HR practitioners do this through constant dialogue, coaching conversations, feedback and occasional facilitation, to create an environment supportive for talent to build talent.

Tracing our Journey of Change

'All things are flowing', Heraclitus reminds me. Since inception, Wipro as an organization has experienced change at many levels. Like any other thriving enterprise, our vision, people and business have flowed and evolved in different directions. The period of change that I refer to here stands out, as it was more like a river taking a new direction, creating disruption on one side and opening up new fields of greenery on the other side. In the first three months of 2011, our change efforts were focused on Strategy and Structure.

Bold Ambition – The leadership team spent the first few weeks shaping the new business strategy around the design principles of boldness, simplicity and balance. The reshaping of strategy was the starting point of the positive disruption we experienced. The intention behind doing this was to arrive at an inspiring and uncluttered view of the future.

- The design principles were simple: strategy would be centered on the client and would be designed for swift, impeccable execution. It is aimed at building an organization that delivers superior results for our stakeholders and offers great opportunities for growth to employees.
- The various elements of the strategic map were arranged to create a judicious mix of current strengths and emerging opportunities, thereby striking a balance between the long-term and short-term. Conversations with clients, employees and external advisors proved valuable, as they provided 'looking glass' peeks into the past and future and helped leaders in their efforts to 'think in time.'

Putting the House in Order

With clarity about our core strategic intent, shaping the new organizational structure was the next critical task at hand.

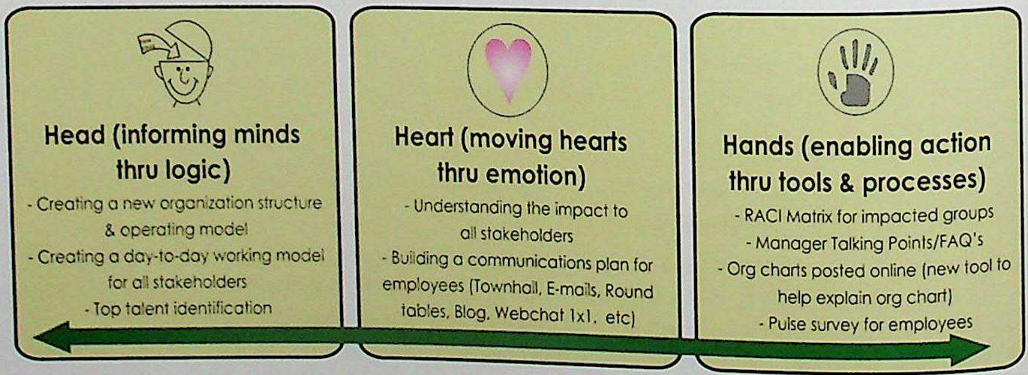
- By this time, most of you would imagine that people within the organization were directionless, with the old strategic direction replaced by a new one without a structure to support it. However, given the foundation of strong basic processes and engagement, we did not find people drifting rudderless. Instead, we received assured and intelligent inputs and questions from a thinking workforce. By and large, employees were curious and a little anxious to know about the future. But the anxiety was combined with a high level of anticipation rather than resentment, which is a sign of maturity. Most teams and managers went about their work as usual. Therefore, the first interesting feature of the structural change was that though it was radical, it was not done all at once.

- We decided to revisit the structure in phases. In the first phase, the overall organizational units were re-configured around the new strategic pillars. In the weeks that followed, each of these units worked on and published first level structural changes. The structure revision followed an outside-in route ie. the primary client-facing growth segments were the first to receive attention, followed by core domain and technology segments. The functional and specialized segments were revisited in detail over the next few months. By this time, business units had created their own strategic plans and a unified view of organizational capability requirements emerged. Functional core teams were modified and new groups created to maximize organizational capability.
- HR had an integral role in putting together a well-defined organization structure and identifying the right incumbents for all critical and leadership positions. HR practitioners played the role of credible influencers, asking questions about key talent, providing different points of view and unbiased insights in order to ensure that multiple options were considered for each person and position.
- The other interesting feature of the organizational re-structuring was that although it was not all done at once, it changed some rules, all at once. Abandoning some traditional bastions and opting for simplicity necessarily meant changing some rules. The new structure called for higher degrees of collaboration, execution focus and greater levels of activity.

We all Speak Change

An organizational level Change Management Group worked along with the CEO's office, to design and implement an approach that leaders could use to communicate the changes, invite feedback and address concerns.

- We followed the 'Head-Heart-Hands' approach, because it articulated the impact of change in terms of strategy and rationale for change, governance, principles and beliefs. The Change Management Group set up three channels of communication: communication from leaders to employees, feedback and suggestions invited from employees, and key messages and action points that emerged post communication and dialogue, direct from the CEO's office.



Head (informing minds thru logic)

- Creating a new organization structure & operating model
- Creating a day-to-day working model for all stakeholders
- Top talent identification

Heart (moving hearts thru emotion)

- Understanding the impact to all stakeholders
- Building a communications plan for employees (Townhall, E-mails, Round tables, Blog, Webchat 1x1, etc)

Hands (enabling action thru tools & processes)

- RACI Matrix for impacted groups
- Manager Talking Points/FAQ's
- Org charts posted online (new tool to help explain org chart)
- Pulse survey for employees

- A dedicated website provided change information and updates, an e-mail channel named 'Dialogue Now' invited direct posts to the CEO and webcasts and other communication media were leveraged extensively. The change management and HR teams enabled and supported the entire communication and feedback process.

HR as Educator

HR prepared and enabled leaders to articulate the change in a way that helped connect with people at logical and emotional levels.

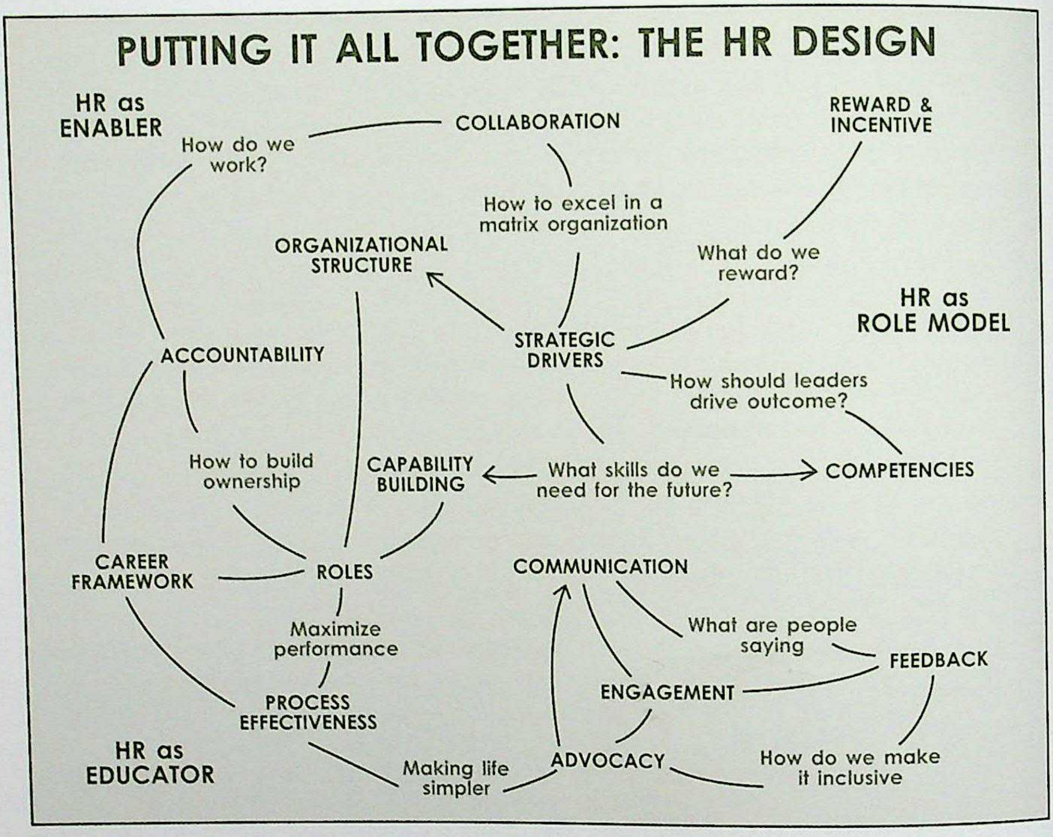
- Leaders were equipped with talking points, behavioral cues and Frequently Asked Questions (FAQ) guides, to interact with global teams.
- Communication sessions were held via webcasts and town hall meetings, during which changes to strategy and structure were explained in unambiguous terms. These sessions were held in a cascaded manner – beginning with senior leaders and spreading outwards and downwards, to create awareness, acceptance and ownership at each level.
- The tone of communication was unhesitant and confident and this in turn instilled confidence in employees. Rather than appear to know all answers, leaders were encouraged to be open about those elements of structure and process that were yet to be decided. This level of transparency made the communication process more 'human' and was well received. Frequent updates and announcements on the new structure continue to be made available on the intranet.
- A separate feedback channel was set up to which employees posted their reactions and suggestions, in large numbers. The candor and depth of feedback reflected a forward-looking, 'let's-get-going' spirit that enthused the leadership team. This enthusiasm is clearly reflected even today, a year down the line, during company gatherings.
- During the Quarterly Employee Webcast, employees are encouraged to ask 'tough' questions; the CEO even gives away prizes for the toughest questions. The intent in all of this is to cut through hierarchy and even politeness, to directly get to the real questions and priorities. This has not been an easy task, as one could imagine. Giving and receiving feedback, real honest feedback, is a difficult and painful effort. Our change-communication sessions turned out to be insightful, humbling experiences, and also liberating in a way. We have noticed that the more people are encouraged to speak freely, the greater is their participation and ownership.

The Devil is in the Details

It stands to reason that several organizational processes underwent significant change, with simplification at the core. The HR function played a leadership role here, as the custodian of people processes.

- Process level change always becomes immediately visible to the entire organization and thereby creates a 'first-impression' impact in the minds of people. While business processes were re-crafted with a client focus, internal people-facing processes were re-configured to be simple and fast, by minimizing bureaucracy and improving accountability. Called 'Simplify' the initiative had various functional teams collaborating to make these changes happen in a timely manner. In doing this, we followed a 'light-to-heavy' route. The 'light' processes ie. those that were easiest to address and catered to basic employee convenience were addressed first.
- To enhance effectiveness of career management frameworks, the foundational work on roles and competencies was leveraged to new levels, to enable

capability building and maximize effectiveness. Career assessment and advancement processes have been enhanced. Mid-level managers and client service delivery leaders attend competency assessment centers and work on customized developmental roadmaps.



PUTTING IT ALL TOGETHER: THE HR DESIGN

HR as ENABLER
HR as ROLE MODEL
HR as EDUCATOR
COLLABORATION
How do we work?
REWARD & INCENTIVE
How to excel in a matrix organization
ORGANIZATIONAL STRUCTURE
What do we reward?
STRATEGIC DRIVERS
ACCOUNTABILITY
How should leaders drive outcome?
How to build ownership
CAPABILITY BUILDING
What skills do we need for the future?
COMPETENCIES
CAREER FRAMEWORK
ROLES
COMMUNICATION
What are people saying
FEEDBACK
Maximize performance
ENGAGEMENT
PROCESS EFFECTIVENESS
ADVOCACY
How do we make it inclusive
Making life simpler

THE FUTURE BECKONS

Early this year, a detailed organizational health study was commissioned. Based on the results of the same, an improvement plan is being worked on that will address transformation around the themes of structure, accountability, capability and performance. The HR function is the anchor for this initiative. This is one of the most exciting aspects of our journey, as it visibly links Wipro's strategy, structure, processes and people in a single effort. With help from external experts, we have enriched critical client-facing roles in sales, service delivery, workforce management and people supply chain groups by directly embedding critical outcome areas into their performance goals, roles and responsibilities. External experts were appointed to improve sales capability and process effectiveness.

Our leadership competencies recently underwent revision, to strengthen the alignment of leadership development to emerging business realities. Long-term and short-term incentive plans have been remodeled to increase focus on client win, execution excellence and collaboration.

Learning Nuggets

Our journey of transformation is far from complete. We have identified the right elements to work on and made good progress on several facets. Some lessons for us to keep in mind for the future:

Have a personal sense of purpose in order to create belief and ownership in others, it's important to stay 'inspired' by asking the question 'Why are we doing this?'

Throw it open Leverage diversity to its fullest to get the best ideas. It's not simply about 'taking people along', but about really revitalizing the conversations with multiple points of view. The best ideas emerge when protocol and hierarchy are abandoned.

Be accountable for the ends as well as the means. There is no formula for driving organizational change. Change initiatives bring varying levels of success, with a mix of acceptance and criticism – so take ownership for the 'what' and 'how'. Promise what is possible, and fulfill that.

Be human Cultivate patience while listening to concerns, and respond with honesty. Tell oneself and others that it's OK to not know all the answers. Above all, accept mistakes with humility.

Enjoy it! Treat organizational change as a life experience rather than work. Don't let the seriousness of the event take away the adventure of the moment.

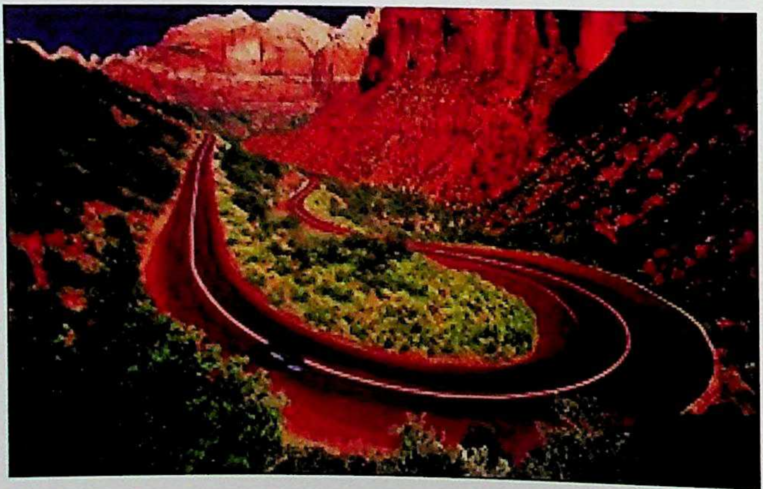
Rajesh Ramanathan is Executive Director – Human Resources, Kraft Foods, India. He joined Cadbury India in 2001 after holding HR leadership roles in Pillsbury India and ITC's Agri Businesses Division, which he joined in 1995 after completing his MBA in HR at XLRI, Jamshedpur.

In 2005, Rajesh Ramanathan was promoted to Regional Head – Capability and Talent, Asia Pacific at Cadbury Schweppes and was elevated as Vice President – Human Resources for Cadbury India in 2007. He was a member of the core team that was responsible for the merger of Cadbury in India with Kraft Foods.

Rajesh lives in Mumbai. He enjoys cooking and has an artistic inclination for charcoal sketching.

Best of Both...

Rajesh Ramanathan
Director – Human Resources
Kraft Foods



CHANGE: A bend in the road is not the end of the road. It is the beginning of a new journey...unless you fail to make the turn.

In early 2010, two global iconic companies came together with Kraft Foods' acquisition of Cadbury. It was the making of a global powerhouse – in snacks, confectionery and quick meals –with combined revenues at that point of $50 billion and sales in approximately 170 countries.

It was also a tremendous change management exercise bringing together the best global talent from across the two companies. But it wasn't long before teams from legacy Cadbury and Kraft Foods recognized that the combined entity was all about growth with a higher purpose. This helped the organization steer through the curves — some gentle, others sharp — with strength and confidence.

Taking the turn

The combined strengths of the two entities were anticipated to accelerate growth, their synergies creating a global powerhouse in foods by taking the best of both companies.

Expectedly, there were skeptics. If they felt that the road ahead was fraught with difficulties, there were others — some undoubtedly wary, others just dogged — who were determined to push ahead, putting their faith in the brand values, organizational potencies, the assets built over time. This determination became the heart of all messaging that helped colleagues pull together when the bends came up.

Reaching out

Everyone who was part of the new entity — an organization that multiplied the strengths of two fused parts — was made aware of its impressive global scale. The burgeoning of strengths was based not just on a complementary portfolio of products and a global geographical footprint. It was balanced on the approach that human assets were the drivers of the organization.

Once it became clear that there was great synergy, offering a lot to both entities, real work began, to ensure an effective integration.

The starting point of the integration was a values-mapping exercise; remarkably, this found that there was, coincidentally, great compatibility. The next step was to get organized for managing this change.

The change management approach was three-pronged:

- Getting a common understanding;
- Applying practical principles; and
- Taking quick action — including appointing a 'Change Management Team' and acting quickly on announcements, appointments, and so on.

Getting a common understanding

There were three components to establishing this:

- Financial case for integration: This involved synergies in tapping into growth opportunities as well as in streamlining costs;
- The need to leverage scale: This meant driving much faster growth across both Kraft and Cadbury businesses as a result of the acquisition; and
- Following a principle of 'Best of Both'.

For the integration team, the ability to successfully carry conviction with the 'Best of Both' principle was the less easy task. 'Best of Both' meant best practice from either company, best person for the right job and making some difficult choices.

HR team readiness

The first step was preparation. The HR management team set about identifying the key stakeholders in the business, profiling the role they would play in guiding the change. The team identified what elements comprised 'change readiness' and what was required to bring about such 'change readiness'.

The planning of the country culture surveys and analysis of the results were crucial to further planning of integration steps. And, finally, the team set about organizing training sessions for trainers who would work with change management teams at various levels.

Applying practical principles

The next key task was to stipulate explicit guiding principles that would determine all actions. Six practical principles were used:

- Maintaining business momentum: Being practical, taking care not to make decisions that would impact current business momentum.
- Following revenue potential: Looking for opportunities that would deliver acquisition synergies and opportunities.
- Capturing 'Best of Both': Meritocracy was right of way whether they be processes, systems or people. But they should be fit for the purpose.
- Treating people fairly and with respect.
- Moving quickly: This was a key tenet. Deciding on structures, people and timelines with speed and making the change. Not making the change fast would only prolong the anxiety and uncertainty in people and businesses. This could lead to loss of momentum or just plain distraction.
- Communicating: This was another key tenet to get right first time — Communicating with impact, communicating in person, communicating widely, doing it with transparency and getting leadership to become role models.

Making the announcement

The first big step was to ensure that appointments into the new organization were made quickly. It was also announced widely, through all internal communication platforms, that periodic announcements updating colleagues on significant developments arising from the merger would be made; dates were even specified — at 45-day, 90-day, and 6-month intervals.

Even as the first announcement was readied, all-employee 'town halls' (open meetings) were being put together by the integration team. Employee town halls and outreach programs were key to communicating with positive intent and ensuring a positive outcome for the integration.

There was focused effort in building curiosity and interest for the combined future. Town halls for all employees were led by global leaders in partnership with local Market Unit presidents. India-specific town halls were led by the Global President for Growth Markets, the Regional President and the India Market Unit Leader.

Employee town halls had four components of communication and engagement:

1. Sharing an inspiring higher purpose for the new phase of the business. This came through a series of employee immersions undertaken across geographies, immediately after the announcement and preceding the town hall.
2. Sharing what is common between the two entities, what is different and how that difference could be valued and nurtured.
3. Benefits of coming together.
4. Creating opportunities to get to know one another.

Even as the announcements and employee town halls were being planned, HR leadership was working to execute a Change Management network. The following steps were taken to establish that network and a change community that would support the integration:

- A Global Change Team comprising personnel from both companies was appointed, involving Business and HR leaders.
- A Change Scorecard was developed and socialized.
- Country culture surveys were conducted across all businesses on two aspects — current personality and soul of the company and performance values and behaviors. This survey was crucial to build the 'to-be' culture across businesses.
- A workshop on change management was organized, focusing on the personal — 'My personal readiness, where am I on the change curve'.

At the Change Workshop, the team identified key success markers around three broad areas:

- Short-term integration metrics and strategic metrics for the business units;
- Emotional integration, internal identity; and
- Talent export, improved attraction.

Beyond the change management plan, the Human Resources team worked to impact the following areas:

Publishing and celebrating early success: One of the big concerns after any acquisition is about job security, continuity and prospects. The ability to communicate positive stories on appointments and opportunities was crucial to driving positive sentiment around the integration. Hence, a monthly communiqué sharing progress made against integration milestones, stories on progress made in preparation for launches into new categories (Oreo was launched in India in a record time of 10 months. This was significant and a good example of the success of the integration since Cadbury was a confectionary player in India till then) and stories on export and import of talent (27 employees from India were moved to international roles post integration) from the different businesses was a key component of the integration efforts and to effective change management.

'Kraftization': Countries with larger legacy Cadbury presence ran specific plans to hold market places with visiting Kraft leadership to expose them to top talent, best practices, winning processes, and the operating model. In addition, specifically in

India, we held a joint team effectiveness workshop with both the India and Regional leadership to own our future together.

Integration of values and people processes: Nearly all people processes needed to be aligned with Kraft processes; there was particular attention to corporate values. This became one of the 'inflection themes' of the business and a cross-functional business team of senior leaders was called upon to lead and execute this track. The Board of Management reviewed progress every month.

In summary, it helped that there was a strong business and people case for the acquisition, that a credible and inspiring leadership team was drawn up to lead the integration, followed by the guiding principles of 'best of both', speed, respect and transparency. Not all change situations have all these elements come together, but the guiding principles seem to be universally applicable. Above all, pick a driven, empathetic and execution-oriented change team to make a difference — a team that can ensure that the curves ahead are carefully and safely manoeuvred.

Shantanu Dhar, Assistant Executive Director – HR, is a Human Resources professional with nearly 20 years of professional experience as Business Partner - Talent Management, Performance & Reward Management and Organizational Development in India and abroad. He has worked with reputed companies that include ITC Limited, Wal Mart and HCL Technologies. He joined Dalmia Bharat Enterprise in 2008.

Shantanu Dhar has an MS in Human Resources Development from Pittsburg State University and currently resides in Greater Noida with his wife and two young children. He enjoys cycling, keeping a fitness regime and collects eclectic jazz albums with a passion. He is the author of a best selling novel 'The Company RED' that is being made into a Bollywood film with Indian and Hollywood stars.

Transformation: The Dalmia Bharat Enterprise Journey

Shantanu Dhar
Assistant Executive Director – Human Resources
Dalmia Cements

With inputs from Madhuri Mehta

The history of Dalmia dates back seven decades. In the 1930s and 40s this was the third largest group in India spanning cement, paper, sugar, defence, insurance, airlines and media. But over the years due to various issues and the natonalization drive of the government, the enterprise was weakened considerably. But the values of sacrifice and humility along with a strong balance sheet and excellent profitability, carried Dalmia Bharat into the 21st century.

Vision

The group began reinventing itself from 2005 onwards. The first being that the family role changed from being a hands-on operator to that of a strategic architect. The group under the leadership of the new MD, Puneet Dalmia, adopted a target to hit $1 billion in 2010 and $10 billion in 2015. This is for a company that was around $350 million around that time. Over the next three years, the company built its foundation under a matrix structure, with CEOs and corporate directors, built four cement plants, two new sugar plants, recruited over 1000 people and invested thousands of crores. The target of $1billion was hit in 2010. The road was rough, but lined with milestones filled with insights and successes.

I joined the company in the blistering Delhi summer of 2008. What struck me first about Puneet in our very first meeting (at his home at Golf Links, Delhi) was that he came right out to my car once the meeting ended. I got it then that here was this MD (he was in his mid-thirties then), who truly respected people. This was strengthened further when on my transfer to Chennai (two years later) Puneet met my wife and kids and took my son's permission to share his father with the company's Chennai operations for two years.

Coming back to 2008, Amandeep (the Strategic Head of HR), Puneet and I were in discussion on how to get to the $10 billion target. The question was how do we take that quantum leap?

I had entered the company as the head of Organizational Effectiveness and one of the deliverables was to create a pipeline to be able to achieve this. In our conversation, we realized that to do this, we had to rely on our own internal resources, who would take a stand for the organization instead of constantly having to look outside for talent. One of the things that we realized was that though we had infused a lot of diverse talent from the outside (the non-cement world), we had no idea if we had the emotional horsepower to make that happen.

Emotional Quotient

As it is a company full of engineers, the intellectual horsepower did exist in the company. But we were sure that what we needed was also the Emotional Quotient. So we introduced the Occupational Personality Questionnaire 32 (OPQ32) and had more than 190 of the top managers take the test. The results astonished us! Almost 95% of the population scored low on personal insight, empathy and social ease!

A realization dawned upon us that as a company that was on the verge of a complete transformation, we may actually lack the emotional competency to achieve the very challenging objective that we had taken upon ourselves!

At this juncture, Anil Sainani, our Values Ombudsman had recently done the Landmark Forum along with Amandeep and he enrolled Puneet, Avantika (Puneet's wife), Aparna (my wife) and me to do the Forum. We agreed readily. We did the Forum and our lives went through a cathartic transformation! Each of us realized the various barriers that we had created around ourselves that kept us only in the mode of survival as opposed to the tremendous opportunity of living a life full of possibilities!

Two Worlds

What we realized was that every human being existed in two worlds; one in which what actually occurs and the other in which he/she builds interpretations of what actually happened. And humans went on in their lives, making interpretations and thus meanings of all occurrences and that led to breakdowns which then become the defining `way' of all humans.

Amandeep, Anil and I made a pact. We would, amongst the three of us, always practice the art of authentic communication, eschewing meaning. This meant a difficult path of being each others' coach and holding each other accountable for being off value.

A Life of Possibilities

The next step then was to create this unique culture in the organization, where people lead a life of possibilities as opposed to survival! A unique pipeline of emotionally mature individuals needed to be created who would lead the company to its $10 billion goal.

Thus the virtual Dalmia Bharat University was launched. With the help of Chetan Walia of the Fifth Quadrant, the Applied Leadership Program, was launched for all successors to mapped critical positions. The program was split into three modules:

1. Building Personal Insights
2. Building Team Insights
3. Building Business Insights

Each module was of three days, followed by 45 days of coaching, post which the participant would attend the next module.

Building Personal Insights

In Building Personal Insights; a team of around 20 partcipants would spend three days in a lab environment where they would study who they thought they were, what others thought about them and what behavioral tests say about them. Very intense in its approach, many participants would break down during feedback sessions. These sessions occurred with a participant sitting quietly, while the rest of the team members gave him/her candid feedback about what they felt. The participant was not allowed to react or defend himself or herself during this session.

At the end of the sessions, members learnt to differentiate between what actually happened and the stories they made about each other. More so, they dropped their stories (or grudges) and created a new beginning with each other. The participants adopted workplace and personal goals and a coach held them accountable for the same for the next 45 days.

Building Team Insights

After that, the participants came in for the next module; Building Team Insights. Here they were given simple team tasks in which they failed spectacularly! On processing their feelings, they got the breakthrough that in teams, they actually played for themselves and not for the team! On the third day when they began to rally for each other, mountainously complex tasks were done effortlessly!

This was followed by another 45 days of coaching, post which the participants entered the final module; Building Business Insights.

Building Business Insights

By this time the participants had already developed a higher sense of self and each other. Strong bonds were formed and genuine respect for each other emerged.

In the Business Insights module, participants had the biggest breakthrough of all; that they all held a grudge with the business and therefore never took a stand for the same. They played for themselves first and the business second. Once they dropped that, they succeeded in their business tasks.

While these tier two managers went to work, speaking the language of transformation, they realized that their bosses (top management) did not understand them. This was understandable as they themselves had not undergone any such intervention. That is when the Vanto Group was roped in.

The Vanto Group's intervention into companies was very unique; their core belief was that organizations are not made up of structures, processes, etc. as we believe, but entirely out of conversations. The only thing that went wrong in organizations was 'conversations'. Thus the Vanto Group led by Steve Zaffron (the author of `The Three Laws of Performance') and Balwinder Singh Sodhi, worked on the top management team in building the art of authentic conversations. These are conversations that are powerful, to the point and devoid of any meaning. Using their tools, they created business transformational projects which ultimately gave rise to the company clocking 5.4 million tons of cement sales and a record-breaking despatch of 6 million tons in March 2012!

At this juncture in 2011, we also realized that we still needed to work on some deeper intrinsic levels of an employee. We wanted our employees to share with the organization, the gifts of their passion, creativity and initiative. We were trying to reflect on the question what is it that really drives an employee. We had made great headway with EQ, but we needed something more to create magic! And in the course of our journey we stumbled upon the wholesome concept and benefits of helping people enhance their Spiritual Quotient.

Life Transformation

So we designed a program on Life Transformation, along with life coach and therapist, Naveen Varshneya. The program revolved around three fundamental issues (1) Health (2) Happiness and (3) Relationships. Even if a single wheel of the tricycle was malfunctioning, a person could never be at peace, forget contributions or performance. The objectives of the program were to:

- Help people identify and break free from the "somehow surviving" tag.
- Help people go beyond their barriers and flow effortlessly towards the purpose of their life.
- Help them connect with their core self.

The basic premise of the program was that every person is unique and indispensable. The route to deal with all of the above was to work with our people at rational, emotional, physical and karmic levels to enhance their consciousness levels and thus to trigger their connectivity to their inner selves. The process was planned in such a way so as to deal effectively with the issues of working professionals and help them look at their life in a larger, wholesome perspective and empower them to shed the baggage that they carried from various phases of their life. The belief was that once they were free from their negative energies and old behavioral patterns, their spirit would be free and would bring smiles, enthusiasm and leadership to the work they were doing. This would thus impact productivity in the work arena.

The Outcome

The program built up like an explosion of cosmic energy, and the very first workshop saw leaders willing to extend the two day workshop to a four day one and stretch it over the weekend. As soon as the participants got back to office, demands to attend the workshop started flowing in from everywhere. This was the first ever program of its kind wherein we didn't need to force or cajole people to attend. Already three workshops have been conducted and plans for the next five are being made. Now we are working at a second level of the program where selected employees are going in for 42 days of coaching and therapy. We are seeing transformations happening daily in the organization at the individual level through this program.

We are treading forward with hope and optimism on our path towards the coveted $10 billion by 2015. And on this path we tread with happiness and together as a team. Yes there are tears, but there is enough of energy in the system to turn these tears into smiles!

Preeti Gupta holds responsiblity for Rewards & Performance Management at the Aditya Birla Group. In the 12 years that she has been with the Group, she has also been responsible for Organizational Effectiveness at the Group level.

Preeti Gupta has spent more than 22 years in the HR profession. Prior to joining the Aditya Birla Group in 2000, she worked in HR leadership roles in Pertech Computers and Parasrampuria Industries. She also worked as a Consultant with Aon Hewitt Associates. She completed her post-graduate education in Personnel Management & Industrial Relations at XLRI, Jamshedpur.

Change Management at ABG ..... people at the heart of strategy

Preeti Gupta
President — Rewards & Performance Management
Aditya Birla Group

> When the Torys LLP partner flew into Mumbai in January 2007 to advise the Aditya Birla Group as it approached the final stages of its bidding for Novelis Inc., she entered a world that gave new meaning to the word 'urgency'. During the two weeks of deal making at the family-owned company's headquarters in Mumbai, hardly anyone seemed to sleep as the Birla Group aggressively pushed for the largest overseas takeover in its history. "The drive is incredible. I have never seen anything like this before in my life," Ms Koval said. "I'm talking about the senior leadership, senior managers, secretaries, attendants, cafeteria staff, who were uniformly enthusiastic and eager to go all out for us. This is what India looks like today," she said.
>
> An article in Globe & Mail by Jacquie McNish

The Aditya Birla Group (ABG) is a multi-business Indian conglomerate, with operations in 36 countries. ABG's is a journey of focused growth, bold business forays and diversification more recently into the new age economy. Over the past decade, ABG has witnessed exponential growth – from being a real-economy conglomerate with a strong base in India and South East Asia to being amongst the global market leaders in businesses like Aluminium, Pulp & Fibre, Carbon Black and Cement. Within the services sector in India, ABG's Telecom, Life Insurance, Apparel and Retail businesses have grown to become significant players. ABG's revenues have grown exponentially over the past ten years. Its employee strength spans over 130,000 globally, comprised of 42 nationalities and with an average age of 37 years, making it a relatively young organization, albeit with rich experience and a legacy of success.

Exploring new frontiers – both geographic and sectoral – forging strategic alliances and acquisitions in the value chain, re-structuring businesses to ensure focus and building internal capability for future growth, have been a way of life across the Group. Investments in people and people processes, a strong collective purpose and direction, and robust governance mechanisms have contributed to enhancing the competitive advantage of ABG's businesses.

Exponential growth brings with it formidable challenges as well as change opportunities. ABG's global scale of business provides unique opportunities for innovation in people processes – in managing multinational SBUs, managing global teams working across time zones, ensuring multi-cultural sensitivity in decision-making and communication. With each acquisition and green field project coming on line; products, technologies, customer base and reach, country and cross-country regulations, logistics and structures need to be mapped and rewired to optimize resources and leverage opportunities for synergy.

At ABG, our approach has been intuitive yet deliberate, with an unflinching focus on building for the future. In terms of business and people decisions in ABG, we have:

- Built alignment to the Group vision – To be a premium global conglomerate with clear focus in each business.
- Invested for the long-term in sectors/people/technology/customers so as to attain market leadership.
- Acquired typically large-sized companies that have a complementary product development and/or customer base and have successfully managed not only to steer these companies to profitability, but also inspired the leadership to grow and achieve ambitious targets. Novelis, L&T Cement, Indal are examples of this strategy.
- Stayed focused and invested in new sectors for the long-term, even when these seemed difficult to operate in and had their own share of teething troubles. For example sectors like telecom, insurance, retail have their own unique challenges, but ABG has been prepared for the long haul.
- Ensured we remain nimble in decision-making and steadfast in execution.

We have viewed our business and HR challenges as opportunities to innovate – be it changing business regulations and competitive dynamics to attraction of talent, building a strong employer brand, setting up effective HR structures for governance, managing talent, and retention, managing a global workforce, ensuring cross-cultural sensitivity, work-life balance, employee wellness, employee aspirations, employment relationships, multi-generational workforce and organizational effectiveness.

Our focus, at all times, has been on getting the basics right (here and now), designing integrated processes that are synergistic across businesses and charting a course for the future with discontinuous initiatives. People in ABG aspire for the Group, their business, their geography, their team and themselves to grow faster.

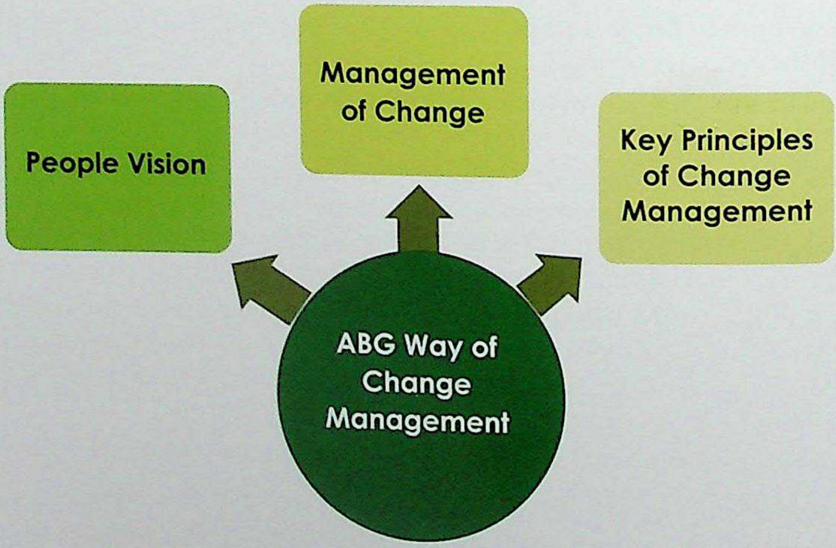
Imperatives for Change

With an intensely competitive, highly volatile business environment driven by global forces, the organization has endeavored to understand the implications of change in the business environment in order to quickly formulate effective business solutions unique to the context.

In our experience, "every week is different from the previous one" would perhaps be an apt statement to describe the pace of change. This morning, newspapers reported ABG's acquisition of a majority stake in Pantaloon Retail. Last year, we acquired Columbian Chemicals, Domsjo Fabriker and Kanoria Chemicals. This is illustrative of the breakneck speed at which we are growing. Post acquisition – all aspects of business strategy and people strategy including organization design, remuneration, structure, policies, processes and communication are taken to the drawing board for a fresh look.

Change is therefore an integral element of our organizational fabric. We have tested our approach to change over time and now have a reasonably consistent change management framework grounded on a sound philosophy. It has been our endeavor to be on top of the change process through strong fundamentals in order to effectively manage large scale changes across the wider organization.

At ABG, our change management framework calls for focus on **three key areas** –


Management of Change
People Vision
Key Principles of Change Management
ABG Way of Change Management

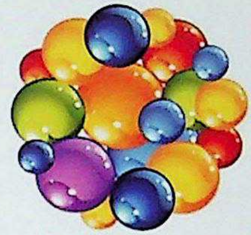
- **People Vision**

  We aspire for 'Aditya Birla Group to be an exciting world of global opportunities for professional growth with human care'. To bring alive the people vision across the diverse multi-business/multi-geography organization, the enabling framework comprises: (a) Aditya Birla Group as an Employment Brand (b) Conglomerate HR structure, and (c) Governance framework, with focus on capability, systems, polices and processes.

Our employee value proposition has four key pegs. Our thoughts and actions in Human Resources are aligned to drive these four pegs.

Learning & Development: Opportunities to learn, develop and grow as professionals

Rewards & Recognition: Opportunities to get rewarded and recognized for commitment and contribution

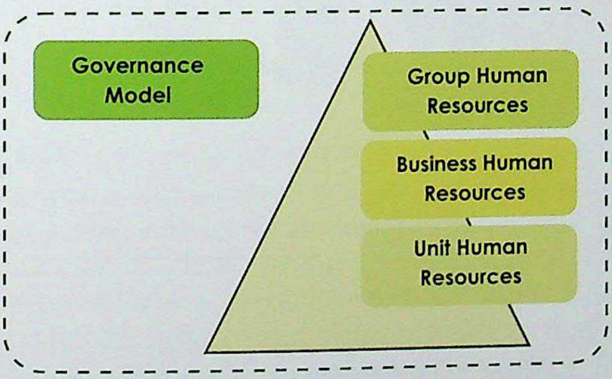


A WORLD OF OPPORTUNITIES

Career: Opportunities to build and fulfill career aspirations

Enrich Your Life: Opportunities to fulfill responsibilities and lead a healthy balanced life.

Our HR structure is shaped by our faith in HR partnerships with businesses and is geared to drive, support and enable change. And given the pace of change at ABG, it is imperative that our people across businesses are 'change-ready' at all times. HR leads the ongoing process of mapping required changes and aligning efforts to drive, manage and sustain the change agenda. The three-tier HR structure enabling this across the organization comprises Group Human Resources (GHR), Business Human Resources (BHR) and Unit Human Resources (UHR), all backed by a robust and enabling HR governance model, delineating HR accountabilities and deliverables at each level. This structure enables us take the lead in managing complex scenarios, involving a variety of adverse factors.



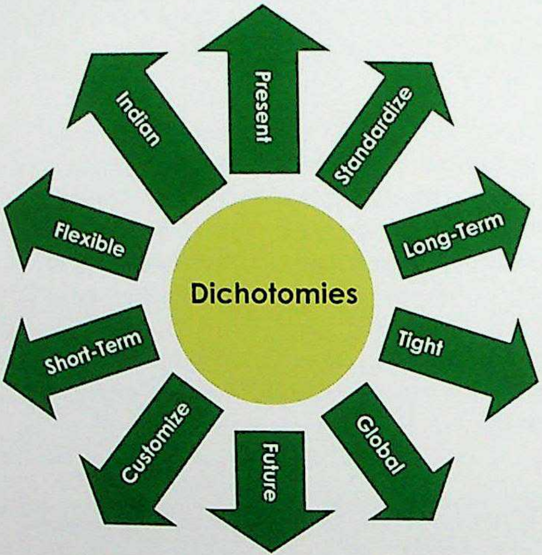
*Organizational leaders on the contemporary global stage must resolve tradeoffs that can't be expressed on a bumper-sticker: between global efficiency and local responsiveness; between the simplicity of common policies and practices across the enterprise and the complexity that accompanies localized policy-making; between centralization for the purposes of risk-management and local autonomy as a vehicle for achieving social responsibility; and among different methods for integrating far-flung operations, such as hierarchies, contracts or networks.

To add to these challenges, 'global versus local' is no longer a one-time decision; choices have to be made all along the value chain, and the constant emergence of new threats and opportunities encourages a continuous re-examination of earlier decisions.

* Accenture Institute for High Performance, 2009

Managing Change – Key Principles

Any change process has associated dichotomies. It is more pronounced in a global conglomerate like ABG, where the operational and business context is inherently charaterized by diversity arising from the spread of business, employee base and geography. The management of these is a vital requirement for crystallizing the change agenda and in dealing with change. We are continuously challenged to think through these, while designing people programs, policies and processes. The choices are not binary in nature (either/or), but the answers lie somewhere between the two, a sort of 'fuzzy-logic' state. Some of these dichotomies are illustrated below:



We have proposed an 8-step process to manage change at ABG –

- **Focus on opportunities for the business**
- **Understand internal currents and under currents**
- **Estimate the Change**
- **Involve and Commit**
- **Implement and Refine**
- **Stay on course and be Flexible**
- **Communicate and Celebrate**
- **Institutionalize the Core**

1. Focus on opportunities for the Business

Our businesses are encouraged to explore opportunities for green field projects, a new product, a business alliance or an acquisition in the value chain, both downstream and upstream. A case in point is Idea Cellular that has introduced handsets to grow the market for 3G. Similarly, our Insurance and AMC businesses have had a sea change in the light of regulatory changes. Over the last 2-3 years, the political, economic and business environment has been dynamic, pushing even our stable businesses to change enormously. Business Units operating in Egypt are in the midst of a huge political transition.

Organizations are an integral part of the eco-system that they operate in and hence, cannot be impervious to the impact of the changes in the environment, be they social, economic, regulatory or geopolitical in nature. We drive continuous mapping of the changes happening in the external environment and put them through rigorous analysis to identify their impact on us and to decide on our course of action.

2. Understand internal currents and under currents

The success of any change process hinges on our ability to build and sustain trust and credibility for change within the organization. Our change management model focuses on understanding the internal under currents ie., sensing the mood of diverse employee segments.

We use numerous tools to 'sense': employee surveys, opinion polls, town-hall meetings, focus group discussions, regular surveys and employee feedback to gauge and synthesize the 'pulse' of our people and their unique requirements. OHS (Organizational Health Survey) has been one of the integral tools used on a bi-annual basis since 1996, to understand the employee pulse.

3. Assess the Change

A comprehensive understanding of external and internal factors and their inter-linkages, helps us synthesize the elements of change and to articulate them. We constantly ask the question "what are the three most important things that we should be doing to manage change or be ready for it"?

Our principle here is - **'first to understand and then to be understood'.** In the event of managing change during a M&A or integration, we adhere to this principle and adopt a caring, transparent and consistent approach to understand the acquired organization's leadership, methods of work and culture.

We believe that a standardized approach may not always work. We look for ways to customize our change management approach. Customization creates challenges ranging from design robustness to system and process strength.

4. Involve and Commit

A critical part of our approach to the change process is **on-boarding key stakeholders** for their buy-in and **building leadership.** This is a critical step to show-case the business benefits of any change program, to set the agenda, and to incorporate their feedback. In order to create a more inclusive climate, for people to be supportive to the change program, we focus on **extensive engagement and communication** with people to create awareness about the change program, its intent, requirements, benefits and shortcomings.

5. Implement and Refine

Managing the momentum of and expectations from the change process are critical. We pilot the planned change initiative in one part of the organization, refine our execution and learnings and then drive large-scale implementation. We encourage businesses to implement, listen, re-calibrate and progress implementation.

6. Stay on Course and be Flexible

Change requires conviction and persistence, despite early setbacks. Early results are never what one would have hoped for. The effort requirement typically is double that of what is planned.

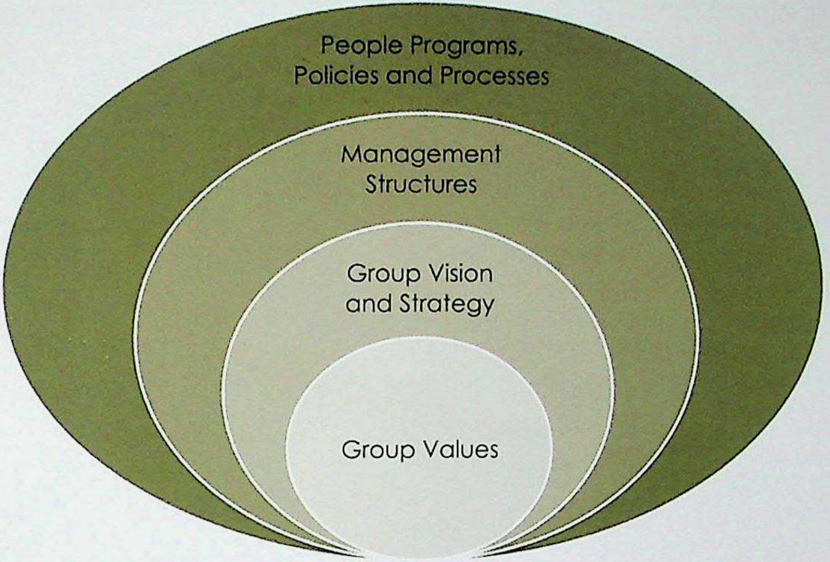
While complying with the Group guidelines and frameworks, it is vital to take into account people's needs and motivations at the beginning of the change process. While our core principles remain unchanged, our approach provides us flexibility in retaining the essence of our principles whilst delivering HR solutions as part of the change process. We seek reinforcement of the Group's values and core principles and at the same time, permit flexibility to cognize for the unique requirements at the business level.

7. Communicate and Celebrate

It is important to create awareness about the 'why' of change in programs, policies and processes. We engage in a lot of communication and continually refine the modes of communication. We demonstrate the results of the change efforts through credible stories. We believe that stories help people assimilate complex information quickly and easily. Further, stories are powerful ways to connect with people at a deeper level and get them to emotionally connect with the organization. Celebration of small successes and quick wins is one way to reduce the pain of change, while keeping the commitment to them.

8. Institutionalize the Core

In a conglomerate structure like ABG, it is important to leverage the 'power of one' – a strength that provides group businesses with unmatched access to resources and energy. We have created a common and shared architecture across ABG. Elements of this architecture anchored in our strong organization culture, ensure that we are different yet one in our approach, thinking and beliefs. We enable adherence to core elements through our Group values framework, governance processes and business processes like business review committees, capital allocation and review committees, talent management, succession planning, to name a few. This mechanism provides a high degree of autonomy whilst enhancing the competitive strength of each of our businesses and helps position them within the top three in that particular sector.


People Programs, Policies and Processes
Management Structures
Group Vision and Strategy
Group Values

Principles:

Our **core principles** of change management could be summarized as –

- Challenge the Status Quo
- No change for the sake of change
- Build change into our way of working
- Be congruent, authentic and persistent
- Change at a pace people can take

Conclusion

Changes are more frequent, in more ways than in the past. There is a constant need to develop new capabilities and leverage them to ensure the growth and success of the organization in a context that is perpetually in a state of flux.

We believe that abiding by our core philosophy and beliefs and standing true to our principles and values, strengthens our readiness and sensitivity to change. This needs to be complemented with innovation and organization renewal. Building a culture that encourages this paradox will further enable the **'Aditya Birla Group to be an exciting world of global opportunities for professional growth with human care'** today and tomorrow.

You can't look at the future as a continuation of the past, because the future is going to be different. And we really have to unlearn the way we dealt with the past.

– Charles Handy

K S Jamestin is Director – Human Resources, ONGC and is also Director in-charge of Business Development. Jamestin joined ONGC in 1977 as a Management Trainee, after completing his B Tech in Electronics and Communications. He also has an MBA in Finance. In the 35 years that he has been with ONGC, Jamestin has worked in human resources, project management, business development, operations, maintenance, engineering and design.

As Director – Human Resources, Jamestin is responsible for overseeing the entire gamut of HR management – that impacts 33,000+ employees of ONGC. He is a key member of the senior leadership team at the apex level, responsible for the strategic management of ONGC.

ONGC is acknowledged amongst the most preferred places to work in and much of the credit for this preferred status goes to the Human Resources function led by Jamestin and his HR team.

Unleashing the Power of Human Capital in ONGC

K S Jamestin

Director – Human Resources & Director (In-Charge) Business Development
ONGC

Ten or fifteen years ago, one would never have imagined that a public sector enterprise in India would attain pride of place amongst the best companies to work for; especially when the companies in the consideration set include well known MNCs, icons of the Indian private sector, fast growing IT companies, new-age companies and financial institutions, both foreign and Indian.

There is a lot of truth in the saying that despite globalization, the tremendous progress that India has made in recent years and the fact that consumerism has come to occupy centre stage, people are still in search of a sense of meaning and purpose. And it is this search for meaning and purpose that enables companies attract and retain quality talent and transform themselves into the most preferred places to work in, since they are able to articulate a compelling vision and purpose that inspire people to give off their best. It is this belief that has been at the centre of ONGC's HR initiatives and that have helped it overcome the constraints of being a PSU.

Human Capital builds Organizational Capability

We owe our 'Maharatna' and 'Fortune 500' status, not just to providence, but to the innovative approach we have adopted in managing all facets of our operations. The organizational capability that we have succeeded in building through a unique business strategy, world-class execution capability and robust HR practices, has reinvigorated our overseas arm, ONGC Videsh Limited, which in turn has enabled us source equity oil in huge proportions from abroad; has fashioned the remarkable takeover and turnaround of the sick refinery - MRPL in less than one year; helped engineer a revolutionary organizational restructuring effort (Corporate Rejuvenation Campaign), helped implement a big-bang enterprise-wide resource planning (ERP) framework, encompassing all our operations and enabled ONGC become a trail-blazer for other PSUs and large corporations to emulate.

All this has been possible because of the commitment of our people who strive for excellence, to constantly innovate and to embrace change. This in turn has been fostered largely by a culture of empowerment; commitment to multi-disciplinary teamwork as opposed to working in silos, as was the case earlier; rewarding and recognizing an innovative and risk-taking attitude in employees and the emphasis on mentoring and leadership development. At ONGC, we believe that HR is the thread that seamlessly weaves together the fabric of the organization and provides the "glue" that creates unity of purpose amongst all our stakeholders. It is our HR processes that help build alignment to our mission and vision; leveraging the sense of meaning and purpose that they provide.

ONGC's HR strategy is anchored around offering a meaningful and differentiated value proposition – a value proposition that seeks to provide an enriching work experience and a sense of pride. The ONGC leadership decided to focus on what it can do differently, and on areas where there were no restrictions of being a PSU. The opportunities to create a meaningful experience for employees were many. The need was to craft and anchor contemporary, unique and vibrant strategies and approaches on the tenets of fairness, equity, transparency and meritocracy, which the ONGC leadership focused on over the past decade, facilitated by HR.

Attraction and retention of talent has been managed by making the work place attractive in terms of challenging roles that bring out the best in our people, giving them the opportunity to add value to themselves, provide them with an environment that is transparent and equitable in terms of opportunity, ensuring good quality of work life and above all, giving them a sense of meaning and purpose.

Because of these initiatives, ONGC today is in a position to compete successfully with private companies and MNCs in the area of oil and gas exploration, and has the organizational capability to meet and surpass the very ambitious growth targets that ONGC has set for itself.

Providing a Sense of Meaning and Purpose

Over the years, ONGC has succeeded in building alignment to its vision, primarily because it provides its people with a sense of meaning and purpose – the fact that energy security plays an important role in safeguarding the sovereignty of our nation. In fact, it would be an understatement to suggest that energy security is important and seminal to the growth and prosperity of any nation – more so for a developing country like India. The founding fathers of our nation believed that the sovereignty of a country, that cannot produce its own oil and gas, is always under threat. ONGC was established in 1956 purely for this purpose and since its inception, has been instrumental in transforming the country's limited upstream sector into a large viable playing field, with its activities spread throughout India and significantly in overseas territories as well. Set up by the Government of India just over 50 years ago, with an equity of Rs. 342.85 crores, ONGC has paid back to Government, more than Rs. 470,000 crores by way of dividend payment, contribution of taxes to the exchequer, subsidy to the oil marketing companies and through divestment of a part of its stake. What could be a more inspiring purpose than contributing towards protecting the sovereignty of our great nation, India !

Meaningful Roles

Having established a sense of purpose, it was felt that employees should have meaningful roles. A common and uninformed perception of the public sector is that productivity is never a major concern and instead, manpower structures are often padded and cushioned with little attention paid to the richness of roles and the need for leaner structures. At ONGC we have shown that this perception has no basis whatsoever. The leadership team realized that one of the best ways of providing meaningful roles is to focus on productivity, which ensures that roles are wholesome in content. The other significant gain of this focus is enhanced competitiveness, which helps reinforce the sense of purpose and pride. In terms of manning, we benchmark ourselves with norms in private sector oil and gas companies and look at international manning practices as well. It is this constant endeavor to look at numbers and enhance productivity that is giving our people more meaningful and challenging roles.

In the first decade following the establishment of ONGC, our manpower strength was in the region of 14,250, capable of producing approximately 1.7 MMT of oil and natural gas per year. Fifteen years later, in 1990, manpower strength grew to approximately 47,000 producing approximately 46.8 MMT per year. Twenty years later, manpower numbers dropped to approximately 35,000, with production of oil and natural gas growing to 52.6 MMT per year ie. a growth in output of approximately 12% with a drop in manpower numbers of approximately 26%.

The focus on roles and productivity has been reinforced by a special intervention around structural transformation designed by HR – the Corporate Rejuvenation Campaign (CRC). This has been a significant company-wide intervention aimed at moving the present work structure from a functional model to an asset based model in order to enhance **role clarity, greater clarity in accountability, increased operational focus and improved collaboration**. CRC led to the creation of smaller, autonomous work units of **'Assets', 'Basins' and 'Services'**. This change in work structure has resulted in:

- Providing greater autonomy to each work unit and encouraged self-managed teams.
- Enhanced employee contribution and growth by flattening structures and reducing hierarchy levels.

- Building an enabling and nurturing work culture and empowering multi-disciplinary teams.
- Aligning all work activities with company goals and enhancing synergy in the process.

Another major initiative that has been undertaken is **Project ARCUBE,** leading to workforce benchmarking for defining rosters, roles & responsibilities with best practice companies in order to improve the efficiency and effectiveness of human resources. The project was undertaken:

- To adopt the most efficient manning practices benchmarked internationally and aligned with ONGC's aspirations and ground realities.
- To define critical roles, responsibilities, skill sets, disciplines, levels, numbers and interfaces that would maximize the efficiency and effectiveness of ONGC's human resources.

The ownership of these initiatives by different work units has led to the establishment of uniform work practices across different work units within India.

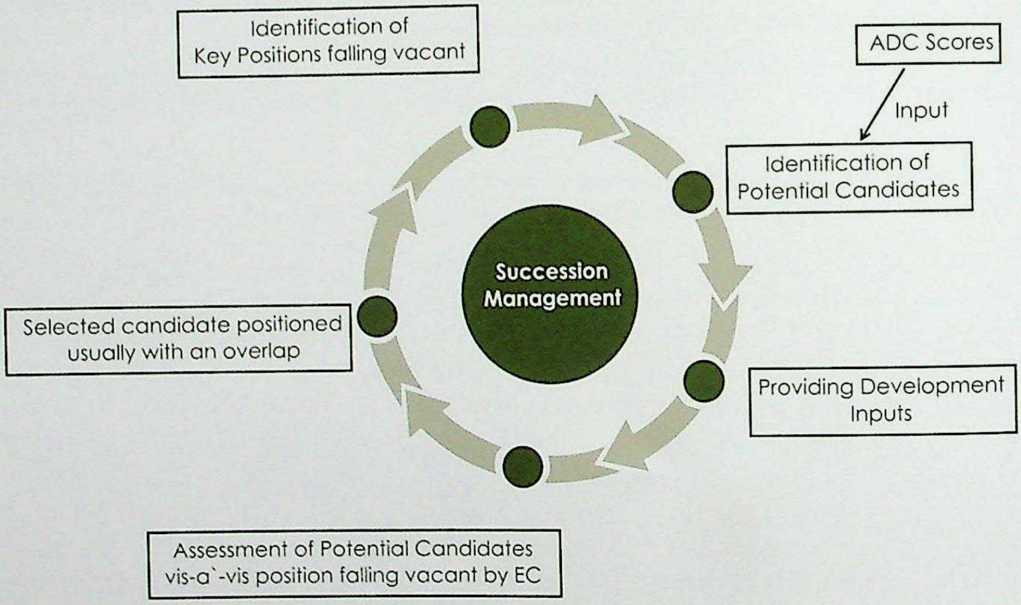
These significant interventions have transformed ONGC from an organization of people working in silos to an enterprise with enormous vitality, with a culture of collaboration and teamwork, with all employees aligned to a shared purpose and committed to realizing the vision of the corporation.

Talent Challenges in the Oil Sector

One of the biggest challenges that the global oil & gas industry has faced over the years is the availability of quality talent that has adversely impacted reserves, supply and refining capacity. The talent deficit is due largely to the fact that employment in the oil sector is determined primarily by the economics of oil, which in turn is dependent on several geo-political factors, especially during the late 90s when oil prices collapsed from $25/bbl to $12/bbl leading to a severe cutback in engaging technical manpower. Below par recruitment in the cyclical years of the 70s, 80s and 90s, led to a shortage of qualified talent with almost an entire generation of knowledge workers lost as a result. This talent shortage has plagued oil and gas companies all over the globe and in India as well, and ONGC is no exception. As a result of limited recruitment of talent in the late 80s and early 90s, the average age of employees in ONGC is 46 years today with a large number of them due to superannuate shortly. Replenishing this talent against the backdrop of the general non-availability of relevant skilled talent, both in India and other parts of the globe is a huge challenge that we in ONGC have to address. And it is this challenge that HR has brought to centre stage to ensure it receives constant focus and dedicated attention. The focus has been on Succession Planning, Talent Acquisition and Learning and Development.

Succession Planning

In order to ensure a smooth transition, we have put in place a robust succession management system. Corporate HR keeps a track of key positions falling vacant in the organization and based on the competency requirements of the position, identifies high potential candidates who are fit to occupy these positions. ONGC utilizes Assessment and Development Centres (ADCs) as a strategic tool to identify potential employees for future business leadership positions. ADCs comprise a range of exercises for evaluation structured on the basis of critical competencies, unique to ONGC. During 2012-13, we plan to put 300 DGMs through ADCs to be assessed by a team of both internal and external assessors. Development inputs are provided to these potential candidates in the form of Leadership/Management Development Programs. The positioning of key candidates is deliberated upon by the Executive Committee at Talent Review Meetings held frequently and the candidate on whom there is consensus is positioned, sometimes with a brief overlap to take over from the incumbent.


Identification of Key Positions falling vacant
ADC Scores
Input
Identification of Potential Candidates
Succession Management
Selected candidate positioned usually with an overlap
Providing Development Inputs
Assessment of Potential Candidates vis-a`-vis position falling vacant by EC

Talent Acquisition

ONGC has a vibrant recruitment process to attract the best available talent to replenish its talent pool and enhance the quality index of the talent bank. The focus has been on employer branding, strengthening of campus engagement initiatives, and making the recruitment process transparent and user-friendly. An indicator of these efforts is an overwhelming response of 85,000+ resumes last year for the position of Graduate Trainees. As a strategy, HR is also focusing on engaging tenure-based manpower, to cater to cyclical fluctuations in work; and as a special drive to welcome back talent that had earlier resigned and left the corporation.

Learning & Development

Training Interventions: Skill development and capability building is a key focus of our Human Resource Development efforts. ONGC has recognized this as a strategic imperative and for implementing this strategy, has set up centers of learning and research at its various work centres. Corporate HRD and the ONGC Academy coordinate all learning and development activities centrally.

ONGC provides world class learning opportunities to executives at all levels in different disciplines, commencing with induction training for new graduate trainees, refresher training programs for middle and senior level executives in technical, techno-managerial and managerial domains, certification programs, and project management training through a planned calendar of training programs with pre-identified training partners. In the year 2011-12, our training days were approximately 172,000.

Recognizing the importance of leadership development, Leadership and Management Development Programs are organized with the help of reputed Business Schools such as IIM Ahmedabad, IIM Bangalore, and IIM Lucknow, amongst others. These programs are broadly aimed at developing a critical mass of leaders at three levels viz. Junior Management, Middle Management and Senior Management and to develop a robust leadership pipeline. These programs have an overseas learning component as well, enabling participants to have a first-hand exposure to the practices of global companies.

Given the scale of operations and the specialized nature of operations, ONGC has made strategic investments in creating 'centres of excellence', where cutting edge training is imparted in areas of critical significance.

- **ONGC Academy:** Executive Induction and Management Development.
- **Institute of Drilling Technology:** Certified Training on Drilling and Well Control.
- **Geo-data Processing & Interpretation Centre:** Seismic Data Processing & Interpretation and Seismic Software Development.
- **Institute of Reservoir Studies:** Training on Reservoir Modeling & Management.
- **Institute of Safety Health & Environment Management:** Safety Training.
- **Institute of Oil & Gas Production Technology:** Training on Production Technology.
- **Institute of Engineering & Ocean Technology:** Training on Geotechnical & Structural Engineering.
- **School of Maintenance Practices:** Certified training courses on Oil Field Equipment maintenance.
- **RTIs:** Training for Staff and Officers at sectoral levels.

Learning Games

Business Games are conducted annually for executives in order to help them hone their managerial business acumen in a competitive business scenario. This is a unique intervention that combines learning and engagement, and thus creates a huge buzz across the organization.

The preliminary round of this three–tier exercise consists of an on-line Business Quiz conducted across all ONGC units simultaneously, using the SAP platform. The winners in the preliminary round compete at the sectoral level through case study presentations and business games. The winners of this round qualify for the finals, which comprises Business Games, Business Quiz and Case Studies.

The team which emerges as the winner at sectoral levels is presented a cash award of Rs.50,000, while the winner in the final round is felicitated by the CMD during the Republic Day celebrations at the ONGC Headquarters in Dehradun and presented with a cash award of Rs. 200,000.

The concept of Business Games has been extended further. **Fun Team Games** (FTG) for non-executives have been introduced recently to enhance business awareness amongst the Class III, IV & E0 level employees. The format of the game involves participation of groups of four multi-disciplinary members.

These competitions are aimed at creating a multi-disciplinary team spirit; build camaraderie among employees and create a sense of ownership and belonging to the organization. The competition is held at three levels; preliminary screening done at the work centre level, which involves an on-line Business Quiz held all over ONGC simultaneously on the SAP platform, followed by a level-II competition and finally, the national level competition. The level II competition involves team-building exercises and the competition at the national level involves outbound exercises.

The national winner is presented with a cash award of Rs.100,000 by the CMD during the Republic Day celebrations at Dehradun and sectoral level winners are awarded cash prizes of Rs. 25,000.

Coaching and Mentoring

ONGC started Coaching and Mentoring initiatives in 2008 for development of human capital in partnership with global HR consulting firms in order to create a pool of certified coaches and mentors in the organization. These coaches and mentors support the organization's effort to develop leaders capable of successfully responding to business needs.

This program is conducted in various modules. Post the program, the participants coach/mentor ONGC managers/fresh GTs, based on their developmental needs. At the end of the program, a review process is initiated, and successful participants are certified as ONGC coaches and mentors. After an elaborate evaluation process, as on date we have 21 accredited coaches and 45 accredited mentors.

In 2012-13, we are planning to execute a massive mentoring exercise, targeting to mentor approximately 1,500 mentees. There is therefore going to be an exponential growth in this area of HR activity.

Our learning and development interventions, apart from raising the skills and competency table, are powerful inputs into building morale and commitment, as they are evidence of ONGC's commitment to the professional development of its people. It is common knowledge that employees look at adding value to themselves in terms of raising their own knowledge and competence levels. And when they see an organization committed to this, they inherently feel that here is an organization committed to my growth and development; an organization that is therefore worth working for and being a part of. As the HR belief goes, people today are looking to work for organizations that will help them add value to themselves at a rate faster than working for competitors would, and this is an important component of our employee value proposition.

Transparency of HR Processes

Transparency was identified as a significant dimension of employee engagement, especially given the dispersed spread of operations. It was felt that this would lead to credibility of HR policies and processes, and thus reinforce faith in the organization. ONGC therefore decided to put in place an IT backbone for HR systems and processes. The major benefit of putting in place this IT backbone to support HR processes is not only the fact that this has simplified work and introduced an element of speed into our processes, but also the fact that this has brought about a lot more transparency and given our people the confidence that our HR processes are fair and equitable. As on date, ONGC has the largest operational ERP (SAP) in the Asian sub-continent in terms of the number of users.

- **Project ICE**

  In the year 2000, ONGC flagged off Project ICE (Information Consolidation for Efficiency) with the objective of achieving global standards in operations through **"ONE ORGANIZATION, ONE DATA, and ONE INFORMATION"**

  The objective of Project ICE was to optimize and standardize business processes, enhance visibility of operations, increase productivity, enhance visibility of costs and seamlessly integrate and extend the value chain. It also helped to integrate all scientific systems and hardware investments relating to high-power PC systems and grid computing, using PC clusters.

- Alignment of HR Strategy and IT Strategy has led to the design and implementation of several HR applications online, which include:
- **On-line Employee Self Service Portal (SAMPARC)** - (System for Automated Management of Personnel Activities, Reimbursements & Claims)
- **On-line Performance Appraisal system (e-PAR)** - introduced with a view to establish a transparent, objective and multi-dimensional Performance Evaluation system and to introduce performance contracting processes aligned to industry best practices.

  The new performance assessment system has been made more objective with identification of Key Result Areas (KRAs) and Key Performance Indicators (KPIs) as specifically applicable to the position/assignment. The system has been configured on the SAP platform and employees have access to it through the ESS portal. The system ensures there is a system driven control and monitoring mechanism with single point data capture and authentication. Further, it also ensures reduced cycle time and adherence to timelines with enhanced data security and confidentiality.

- **On-line Transfer Process:** The annual transfer process was made online from 2007 onwards by considering the individual for transfer and implementing the transfer through the system. The process has been further improved by implementing online processing of transfer applications from 2008 onwards.

Conclusion

All these initiatives, driven and anchored by HR, have had a very positive impact on the commitment, competence and contribution of our employees and are fuelling ONGC's plans for growth and diversification. Our low attrition levels (around 0.2%) is testimony to the efficacy of our HR practices, notwithstanding the compensation constraints we face on account of being a PSU. ONGC is in the process of developing its Perspective Plan 2030, for which a special team of high-potential executives has been put in place and is being assisted by an international consulting firm.

We are optimistic that ONGC will continue to play a major role in the energy security of the nation and our HR policies will fashion the change and transition required to thrive and forge ahead in the coming years.

"In unpacking the economic, regulative, social-normative, and cultural-cognitive effects of communities, not only has the local remained important with globalization, but in many ways local particularities have become more visible and salient as globalization has proceeded. In today's environment, organizations are simultaneously embedded in communities and broader global environments"

Christopher Marquis and Julie Battilana
Associate Professors
Harvard Business School

"Localizing for Growth"
... understanding "Critical Business Benchmarks"

In this section David Lobo and Susan Peters tell us about GE's decision to implement a new organization structure in India in December 2009, to enhance its competitive profile and growth prospects in the belief that it was necessary to "localize" for growth. They share their views on the change management process and the lessons learned. The change in GE India reflects the shift at GE globally, refashioning business models tailored to growth markets in order to serve global customers better and faster.

David Lobo and Susan Peters describe how GE India went about executing a company-wide change program, developing and communicating a vision for GE India, determining which areas would benefit from centralization and which areas would be better off with decentralization, and designing structures accordingly. They describe how, once the new structure was in place and the culture had rallied around the new vision, the organization was empowered to achieve GE's "Localize for Growth" objective.

Nalin Miglani, Chief Human Resources and Communications Officer, Tata Global Beverages, shares his experience of how a global company with Indian parentage can become a major player in global business. He shares some very interesting insights on how Indian MNCs can better understand global markets by diving deep into "Critical Business Benchmarks", how Organization Design can be a powerful instrument of transformation, and what needs to be done to build a Global Culture. Nalin Miglani suggests that to succeed in a world of opportunities, companies need to understand global markets, implement fast and assertive 360 degree change based on universal values and transform their HR teams.

GE India: Localize to Globalize

David Lobo and Susan P Peters

David Lobo is Senior Vice President – Human Resources for GE India and leads the HR function for all businesses within the GE India P&L as well as global platforms located in India. His broad responsibilities cover building a deep leadership pool within the country, developing a strong employee value proposition for GE in India, driving productivity and process excellence for common HR enabling processes and building a positive and upbeat employee relations environment across GE's operating entities. He leads the GE India HR Council and is a member of GE India's senior management team.

David joined GE in India in 1994, as HR Manager for the Global Consumer Finance (GCF) JV – Countrywide Consumer Financial Services Ltd. Prior to that, he worked at Modi Xerox Limited and American Express Bank in the areas of Sales, Marketing, Quality and Training.

In 1996, his HR role at GCF India was expanded to include Six Sigma Quality responsibility for the business. In 1998, David moved to GE Capital India as Quality Leader, overseeing "Six Sigma Quality" for all Capital's businesses in India and later that year, was promoted to the role of HR Director, GE India. In 2000, David relocated to Tokyo to assume responsibility as HR Director, GE Plastics, Pacific. He later moved to Shanghai following the shift of GE Plastic's regional headquarters to China. In 2003, he joined GE Money's headquarters HR team as VP Global Organization and Staffing, based in Stamford, USA. After holding this position for over five years, David moved to his current role.

David holds a Bachelor's degree in Accounting from the University of Pune and an MBA in Marketing from Symbiosis Institute of Business Management (SIBM), Pune. He currently resides in New Delhi with his wife and son.

In December 2009, GE implemented a new organization structure to enhance the company's competitive profile and growth prospects in India, appointing a senior vice president and GE officer, John Flannery, as CEO of GE India with direct oversight of all GE business-unit CEOs in the country. The restructuring marked the first time that a country's operations within GE were organized as a full profit & loss (P&L) center with autonomy and direct control of local strategy. Two of GE's senior Human Resources executives share their views on the change management process and the lessons learned.

GE's partnership with India dates back to 1902 when the company installed India's first hydropower plant on the Kaveri river. Throughout the 20th century, GE continued to partner India's growth, establishing businesses in transportation, energy, healthcare and financial services. By 2009, GE India had built a workforce of nearly 12,000 employees, yet we were still operating under a matrix structure, where local business heads reported directly to their counterparts at the company's U.S. headquarters and maintained only a "dotted line" connection to the country head in India. This structure emphasized and facilitated the development of local talent and technological innovation. However, as we considered the growth potential of GE India, and the evolving needs of our customers, we recognized that the time had come to implement a consolidated business strategy and a

Susan P Peters is Vice President – Executive Development and Chief Learning Officer for GE. In this capacity, she is responsible for leadership development, training, performance management, and succession planning for all GE executives worldwide.

Susan joined GE in 1979 in the Human Resource Management program and had assignments in GE units in Louisville, Kentucky and Columbia, Maryland. Subsequently, she held Union Relations and HR leadership roles in several GE businesses. In September 1991, she was promoted to Manager, Human Resources, GE Plastics, Americas in Pittsfield, Massachusetts.

She moved to Louisville, Kentucky in October 1993 to become the Senior Human Resources Manager for GE Appliances. Susan was appointed a Company Officer in January 1997. She became Executive Vice President – Human Resources for NBC in June 2000, and became Vice President of Executive Development for all of GE in 2001. She assumed responsibility for Crotonville, GE's Management Development Institute, and all leadership training, in January 2007.

Susan is a founding member of the GE Women's Network and continues to be active in its leadership. She is a member of the GE Volunteers Advisory Board. Susan graduated from St. Mary's College, Notre Dame, with a BA in English Literature in 1975 and from the University of Virginia with a Master of Education in 1978. She is married and has one daughter.

structure to support it. GE India would become a full P&L with a mission to innovate in India, for India – and the world.

The shift we were experiencing at GE India reflects a shift at GE globally. Over the past ten years, our leadership has enhanced GE's global presence, refashioning the company as an infrastructure leader and developing new business models tailored to growth markets in order to serve our global customers better and faster. Since 2005, we have increased the number of senior leaders outside the U.S. by 50%. GE's new Global Growth and Operations organization was created to accelerate these efforts, as part of our ongoing investment to optimize our global and local capabilities – providing power, transportation, healthcare services, clean water and financing to meet the needs of growing populations and an emerging middle class. GE's Human Resources team has also played a strategic role in guiding this process of reinvention, both globally and at the country level, partnering with our leadership to manage workforce and business transformation – structurally, culturally, and operationally.

The new P&L structure we proposed to implement in India was unprecedented and, like any other organizational change, posed several challenges. Decentralization of power and delegation of authority ranked high among the anticipated consequences and would require a nuanced approach to leadership. From a cultural standpoint, we needed to understand what would work for our people and for the organization. Operationally, we needed to determine which processes to adopt, maintain, or discontinue. We were, in fact, taking a successful business and finding ways to make it more successful. And while this was an appealing prospect, our course of action was not as clearly prescribed as it would have been in the case of a turnaround. Our goal for the restructuring was clear, however: propel the growth of GE India.

We decided to focus on four critical pillars, priorities we wanted to abide by as we implemented this organizational change.

1. Localize for Growth
2. Build a Culture
3. Define the Structure
4. Empower the Organization

All our efforts were mobilized to meet these priorities.

Localize for Growth

Our first task – and ultimate test – was to make certain that our customers would feel the benefit of any change. This meant ensuring that we were implementing local, customer-focused decision-making capabilities that were not only "real", but also scalable – in other words, positioned to leverage GE's global relationships and experience.

In appointing John Flannery as CEO of GE India, the company took a significant step in this direction. John had held several senior leadership positions at GE during his two-decade tenure, and brought extensive experience in building and leading large teams and growing global businesses. We moved quickly to ensure that

John's leadership team was well equipped to support him in developing a sustainable, long-term strategy.

We also recognized that if our objective was to make the organization more nimble and customer-focused, with quicker decision-making to grow the business faster in the local market, we needed every employee at GE India to play a bigger role. GE's leadership philosophy, at its core, reflects a belief that each of us can be a leader, a belief that when one person grows and improves, we can all grow and improve – that together, we all rise. In that spirit, we continued to make a significant investment in employee training and development at our global learning center in Bangalore, just as we do at our corporate university in Crotonville and at our other learning centers around the world, sharing ideas with the most influential thinkers in academia and business to provide best practice examples and development opportunities for the GE workforce.

Build a Culture

Executing a company-wide change program carries potentially significant implications for employee morale and growth and can be a daunting task for any organization. It requires, above all, a mindset change.

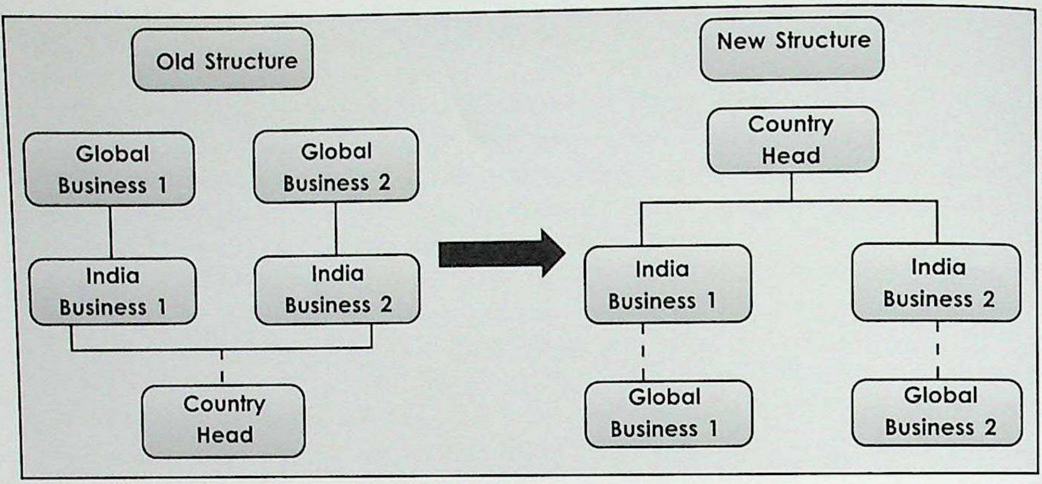
Because we understood the scope and complexity of our plan, we did not seek to change the reporting structure overnight. We were mindful of employee needs and took them into consideration. We maintained a transparent and inclusive approach to decision-making, and established two-way communication with employees to better understand their views of change and how they believed it would impact their work and opportunities in the future. We were determined to help our colleagues approach and experience change in a positive way. This was on our minds constantly, as we looked for effective channels to connect with employees.

From a HR perspective, we focused extensively on developing and communicating the key rules of engagement around workforce decisions and policies. We established a common HR framework so that local and global teams were aware of how we would work in the future.

The vision for GE India was quickly developed and widely communicated across all levels of the organization using multiple forums such as employee town hall sessions, round-table discussions and team meetings to help unite the entire company in the pursuit of a common goal. Our global business partners were kept in the loop continually throughout this process, which further enhanced the trust and goodwill that our efforts were helping to create.

Define the Structure

As we prepared the organization for change, it was important for the executive team and HR leadership to be clear about which functions and businesses would see the greatest impact. We determined which areas would benefit from centralization and which ones would be better off with decentralization. We scrutinized individual reporting structures, eschewing wholesale change in favor of a targeted methodology and adjusting only those structures that we could improve upon.



The organizational structure and reporting relationships we implemented are reflected at a high level in the chart above. Under the new configuration, not only did we have the business CEOs report in solid line within India, we also created a strong structure for the functional teams as well, including HR, Finance, Legal, Supply Chain, and Business Development. Operating mechanisms and rules of engagement were developed for each of these businesses and functions to enable the matrix to work smoothly at the local level and to foster collaboration with global teams.

Empower the Organization

Once the new structure was in place, and the culture had rallied around our new vision, we focused on addressing a few remaining gaps to achieve our "Localize for Growth" objective. We began by strengthening the Marketing, Technology and Supply Chain functions to ensure that we would continue to be well-equipped to meet the needs of a dynamic external market. A supply chain executive was recruited to strengthen GE's supply chain in India and to explore and evaluate local manufacturing options. We also hired a chief marketing officer, who would bring strategic marketing expertise, synergize marketing efforts across businesses, and create a "One GE India" brand.

Further, we set the foundation for a leadership pipeline by expanding local participation in GE's world-renowned leadership development programs. These early-career rotational programs are designed to speed the development of high-potential employees in communications, engineering, finance, human resources, information technology, manufacturing and operations, and sales and marketing. By expanding our leadership development and accelerator programs, and connecting participants across those programs, we are positioning GE and GE India to support a broader base of culturally adaptive global leaders.

As an organization, we also reaffirmed our commitment to our Growth Values, the guiding principles of GE. These are broadly defined as external focus, which involves collaborating with a wide range of stakeholders including customers, governments, regulators, NGOs and community groups; inclusiveness, which recognizes that humility and diversity are essential to building a great team; clear thinking, which requires agility, decisiveness, and an ability to foster strategic commitment; expertise, which indicates both a deep knowledge base and a passion to develop others; and imagination and courage, which reflects a capacity to take risks in championing ideas, learn from the experience, and move forward.

Our Growth Values help us promote and measure high-integrity performance on a global scale. We believe they also help foster an environment in which colleagues approach their work with heightened expectations for performance and collaboration that are essential to produce superior outcomes.

Lessons Learned

While our efforts to drive the growth of GE India represent an ongoing journey, the immediate work surrounding the implementation of a consolidated business strategy and supporting organizational structure is largely complete. Our progress to date has taught us a number of lessons, a few of which we note here.

- Set expectations worthy of your vision. A strong and committed leadership team helps to define and articulate a vision as well as the rules of engagement, and effectively communicates with the organization at all levels. Setting expectations on the deliverables for the new GE India helped us lay the foundation of a "can do" culture.
- Collaborate for success. Collaborating within, across and outside of large global businesses is a complex practice, yet it is absolutely essential. GE India employees at all levels are committed to building a culture that achieves success through collaboration.
- Find and maintain the appropriate balance of support and oversight. Positive change does not happen overnight. It is important to provide ongoing reinforcement of the change process longer than might be anticipated in order to achieve stakeholder buy-in, momentum, and results.
- Be transparent with employees and customers. Keeping an open mind and being fully transparent with employees and customers when mapping out the company's growth plans is essential. At GE India, our transparency has helped to strengthen relationships and ensure continued success.

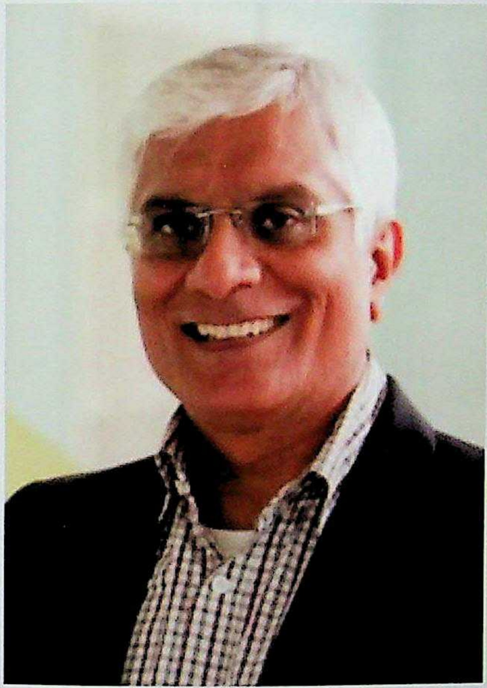
As noted earlier, we agreed at the outset that our customers must feel the benefit of any change. One outcome of our sharpened customer-focus is the recent opening of our state-of-the-art validation laboratory for our Measurement & Control business in Electronics City, Bangalore. The new lab supports GE's "In Country, for Country" strategy to build on capabilities and resources within India. It also reinforces Measurement & Control's vision to improve the health and productivity of customer assets and systems through the application of GE technology, and will help reduce turnaround time for customers from three months to just one week. With the opening of the new lab, the only one of its kind in India, GE has expanded its services capability to meet the critical requirements of the pharmaceutical and life sciences industries.

Great companies, and great leaders, must continuously reinvent themselves as the world changes. GE's evolution as a global competitor reflects an ever-deepening knowledge of emerging markets and the development of a strategic portfolio designed to get closer to the customer through localization. What began as an "experiment" – creating a P&L in India – demonstrated GE's power as a "local" company, power that enhances the brand and in effect makes the company more "global."

GE global revenue now accounts for more than 55% of our total industrial revenues, a significant foundation for continued growth as we look to serve our global customers better and faster. We expect GE India will continue to set new standards as a prime example of GE's global growth story. We also expect that the global and country HR teams will remain vital strategic partners on this journey.

Leading Indian 'multi-nationals'

Nalin Miglani
Chief Human Resources and Communications Officer
TATA Global Beverages



Nalin Miglani joined Tata Global Beverages as Chief Human Resources and Communications Officer in 2008, having previously held international HR leadership roles at The Coca-Cola Company, British American Tobacco and ITC Ltd, where he started his professional career in 1983. Nalin has a BA (Hons) in Economics from St. Stephen's College, Delhi and an MBA from XLRI, Jamshedpur specialising in Human Resource Management.

Nalin is a fervent believer that his team should be an integrated part of any business he works for, rather than a support function or a partner. He believes in developing his team members to become all-round business people who play key roles in driving an organization's strategy and performance across the board.

Nalin has a wide range of interests outside work. He can often be found listening to Bob Dylan, reading Jack Kerouac or watching Woody Allen movies to relax. A dedicated family man, Nalin has lived and worked in many cities both in India and abroad, including Zurich, London and Sydney.

I write this article partly because I am honoured by the invitation from a colleague at the first company that I worked for. Mainly I write it because when I started my first job, the notion of global organizations (called 'Multi-national companies' in those days) was one that had American or British parentage. Little did I know that during my working life, I would have the good fortune of working in a global role for a global company with Indian parentage.

The number of Indians, including me, who have worked for American, British, Japanese and German companies, is countless. It is a rare few who have had the experience of managing or leading Indian companies on a global stage. This other side of reality is a powerful experience that more and more Indians will be part of in the days and years to come.

My purpose here is to share with you a few lessons that I have learnt working both for global MNCs and more importantly working for a global company with Indian parentage.

Understanding Markets through 'Critical Business Benchmarks'

This is a great time for Indian companies to leverage their talent and capital to grow in markets outside of India. Markets and consumers across the world have become very conscious of value and open to innovation from any part of the world. Countries as brands are still relevant – 'Swiss Made' still commands a premium – but, overall, high quality at the right price is valued above everything else. Such an agnostic world of consumers creates a level playing field and huge opportunities for creative and committed talent from India.

To fully realize the potential of these global markets of agnostic consumers, the starting point must be for the leaders of Indian companies to understand the markets and consumers outside of India with the same depth and intimacy that they understand the Indian consumer and the market in India. This becomes even more important when a large part of the global growth of an Indian company, as often is the case with the globalization of Indian companies, has come through acquisition. There are many reasons why companies get acquired. One of the main ones is the prediction that the acquired company will create more value post acquisition. In such a circumstance, the release of additional value that is factored in the purchase price can only happen if the company is managed better than it was before. This means that the management of its business by the Indian acquiring company would have to be even smarter than the current local management of the concerned country!

How do you understand a foreign market better than your's?

The most obvious answer is the most effective one. You have to be present in that market.

Every Indian company with a global ambition, immediate or in the future, will have to start preparing a core of its talent towards being successful in global environments. Most Indian companies have well developed Talent and Career processes, which identify high performing leaders. The challenge is to find a creative and effective way to ensure that these performers understand the foreign markets and the business dynamics as well as they understand India.

If the company already has a foreign base (an acquired company), the easiest first step is to deploy some of this talent in that market as soon as possible. I say 'asap', because many companies delay the deployment of Indian professionals in foreign locations in the mistaken belief that the current local (foreign) management will turn the business around with new direction from the senior leaders in India. It is entirely true that you cannot expect the Indian professional to substitute the local management and deliver magic. Yet, it is equally true that, for the long-term future of the business, it is essential that Indian professionals are part of the foreign team. This not only helps develop future capabilities, but also ensures a deeper understanding that is useful for headquarters back at home and a degree of challenge that is essential to commence a process of change.

Placing or 'planting' an Indian manager in a non-Indian setting is just not enough. A very active and systematic development program would have to be created to support this manager. This would be over and beyond a simple (or elaborate) induction in the business abroad. Depending on the business and the industry, an investment would have to be made to expose the Indian talent to what I would term as "critical business benchmarks". I would not be able to identify these for many industries, but let me give you an example in fast moving consumer goods companies.

Deep dive into "critical business benchmarks"

In FMCG companies, the retail and shopping environment is very different in many parts of the world, when compared to India. Shopper behavior in terms of an average purchase basket and the number of shopping occasions, is driven by the different human conditions as well as different retail realities. The retail environment is highly consolidated and promotions driven. Brand-building is shifting to the point of purchase and away from traditional methods. All of this has revenue, profit and business-modeling implications. And the details of all this are more complex than what you can read in a business journal or a popular business magazine. So, back to our Indian talent, who has now been 'posted abroad'. In every market, there are a number of capability development firms that develop specific capabilities. In our example, there are firms that enable you to understand your shopper and retail environments to help you generate greater value. Indian companies with global ambitions will have to identify these firms and construct a program in which the Indian talent (along with his local, 'foreign' colleagues) is provided a 'deep dive' in these realities through a project that achieves a business goal and enables the team to develop. This would be a quick way to be intensely immersed in a critical aspect of the business.

As Indian companies globalize, in their specific industries and businesses, these companies will have to identify 'critical business benchmarks' such as the above FMCG example. Having identified these, the companies will have to invest in capability building for their Indian talent. The unintended positive outcome that these companies are most likely to discover is that such an investment is likely to lead to 'new learning' even for the local talent that has existed in that market by inheritance and for much longer.

Of course, this assumes that the Indian globalizing entity has a base abroad. What if that is not the case? What if it is a greenfield venture? Even in a 'greenfield' situation, the Indian company will have to identify 'critical business benchmarks' and develop their capabilities around these benchmarks as soon as possible. Without a base abroad, it could be harder to do this or sometimes, even easier; harder because you don't have a business to develop your capabilities on, easier because you have no past baggage of the acquired base to offer resistance to new learning.

To summarize this section, understanding global markets is an essential first step. This step cannot be made without sending Indian talent across and without investment into a 'deep dive' of some 'critical business benchmarks'.

Before I move on to the next section, I would like to clarify that when I say 'Indian talent' I do not mean the talent already employed by the Indian company that is globalizing. As you may have noticed already, a considerable amount of investment has to be made in the development of capabilities. That being the case, globalizing Indian companies would be well advised to pick talent that can make the best use of this investment. And, this may sometimes mean that you look for Indian talent outside of your company – in India or abroad.

360 degree change under-pinned by universal values

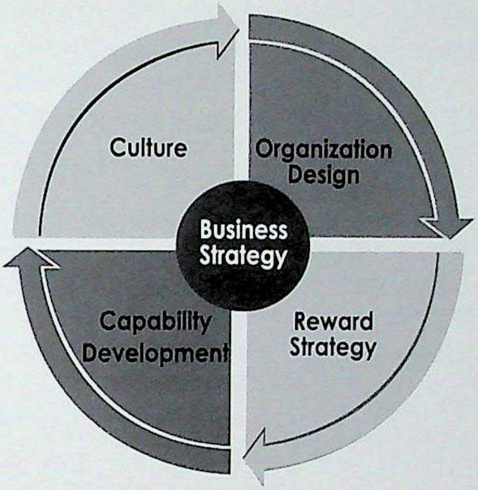
I have taken for granted that the Indian globalizing company has a vision and a strategy for its global ambition. I would say that these companies will have to possess a 'strategic flexibility'. This does not mean that you flip-flop between different strategic priorities. This does mean that, by the sheer nature of the foreign market being 'foreign', there will be many 'new' lessons that the companies will learn. Many of the assumptions that will have been made are most certainly going to be challenged and many will be destroyed. That, take it from me, is sure to happen. Therefore, the ability to re-engineer the strategy at short notice will be essential. However, often such 'flexibility' does not hinder the overall global ambition. Notwithstanding this 'strategic flexibility', given a consistent global ambition, my point is that, the sooner you initiate a change management initiative in line with your ambition, the better. While the freshness of your ambition is still strong, unperturbed by the potential strategic adjustments, the process of implementing change should be commenced with mature assertion. And this change should be 360 degrees.

Organization Design

There can be many models for a 360 degree change. The one that I have found useful starts with the Organization Design.

One of the first tasks of managing global businesses is how do you integrate these globally and with the parent company? There are no universal answers, but this is an important exercise, almost as important as the strategy itself. My biggest learning in creating a global design is that organization design itself can be a powerful instrument of transformation. If you are seeking to transform the business into a high-value, innovation driven organization, then the design can be the medium and the message. Organization re-design has the ability to achieve 'efficiency' and 'effectiveness' objectives in one stroke. You can address issues such as globalization vs regionalization, lean headquarters vs centrally driven strategic agenda in the same act as consumer-facing vs internally driven or production-focused vs brand-driven. There are several models available, especially in FMCG companies, and there is no stopping you creating one of your own. Whatever route you go, the essential requirement is that you spend a lot of quality time doing quantitative analysis of cost implications and strategic intent, before you take the first step. In my outward voyage of change, organization design would be the first port of call.

Organization Design and Strategy should also drive your reward strategy. A reward strategy, aligned with the organization design can be a powerful vehicle of change. Change in this area requires more dialogue and the more diverse the countries that you are operating in, the greater the challenge. However, the single biggest drive here should be to keep things simple and ruthlessly aligned to the strategic intent of the business. It is in this area, that Indian companies should resist the temptation of assuming that the art and science of rewarding people is the same in the rest of the world as it is in India.



The other two critical aspects of the 360 degree change, I have factored in my pie-chart are capability development and culture.

I will not spend any time on capability development, as I have already touched on it in the earlier section and it would normally be very specific to the business that a company is in.

Building a Global Culture

I would like to, briefly, focus on culture. I am sure there will come a time when Indian businesses will have created their own global cultural model that is holistic and successful. My own belief is that this will require more experience of working globally and, therefore, will evolve over the next few years, maybe a decade. It will take shape when many more companies have, together, been much more successful globally than is the case now. Maybe then, global management experts will study the Indian management model, just as I studied the German and the Japanese models in the early part of my career. For now, I would like to share my early observations with the hope that these are of value in the current context for companies that are already in the global game.

There are two levels at which the directional themes of your culture can operate. The first one is the level of the unique business that you are in. This level of directional themes should go to the heart of your strategy. These should read like the flip sides of the strategy coin. These should not read like universal motherhood statements. For example, if the focus of your business is brand-building; it would be surprising if the directional themes of your culture do not mention the 'consumer'. This level of directional themes has to be outward looking. Again, if your strategy is focused on a product people enjoy during their moments of leisure or if your brand is available for consumers for simple moments of pleasure, it would be surprising if one of the directional themes of your culture is not focused on creating a playful environment at work.

Developing a set of global directional themes that are focused on the strategy is not only of transformational value, it helps integrate the global business into one organization entity.

Building Universal Values into Culture

The more difficult challenge for globalizing Indian companies comes at the second level – at the individual level. As Indian companies acquire global workforces, Indian company leaders will have to ensure that the managers that they expose to the global world, wire in certain universal values in their individual cultural framework. I call these universal values because they are not some superficial bullet points you pick up in mostly useless cross-cultural management programs that focus on stereotypes. These values transcend national cultures and make for an efficient and constructive human engagement with people when you share a common objective. The values that I have found to be universal are the following:

- **Authority and Personal Power**

  It is a disaster to confuse authority with personal power. As more and more companies have Indian headquarters, it is crucial that the global workforce looks to the headquarters in a positive light. It looks to the leaders of the Indian global business as people of purpose. This cannot be achieved if, Indian managers, in charge of global operations, confuse authority with personal power. Indeed it is the opposite. The more global your role, the more responsible your approach has to be. While there is no requirement to compromise the pride of being an Indian company, it is important to remember that your global workforce is as keen and enthusiastic to achieve personal and corporate success as you are. Your starting point of engagement will have to be trust and your authority will have to be exercised with a great sense of responsibility.

- **Influencing without Authority**

  Following from the above, a key capability that globalizing Indian leaders have to develop is influencing without authority. The art and science of influencing without authority involves understanding the networks you work in, your personal sources of credibility, a persuasive agenda and a package of other factors. It is a capability that needs to be developed robustly and urgently in global leaders. It comes along with a belief that there are many ways to achieve success. It is predicated on an open mind that appreciates that there are diverse models across the world of doing business and achieving high levels of performance. When I first started working outside India, I tried to apply all that I had learnt in the wonderful company I came from because it had worked before and I had perfected my formula of success. Every year after that, without fail, I am reminded that there are different ways of achieving success and that many of these are better than the one I believed was the best.

- **Respect Individual Dignity**

  The last universal value that I would like to highlight is related to individual dignity. Simple and natural acts of behavior are more important than brilliant, stunning insights about high level business strategy. Do you meet people on time? Are you courteous to people you are working with? Are you open with information? Do you respect people's personal time? Do you truly value the contribution of everyone regardless of the level that person is in? If the answer to all of these questions is yes, it does not mean that you cannot take tough decisions or you refuse to see through the nonsense that may sometimes surround you. It just means that, no matter how tough a decision, you always execute it in the best possible way, keeping individual dignity as top priority.

HR: A Partner? No. A Player? Yes.

So, how can HR as a function enable the Indian 'multi-national' to succeed?

Many HR professionals I meet these days have a clear notion of how to transform their organizations. A common attribute in all of them is that they always view the organization from the lens of the strategic challenges of the business. They do not view the organization from the lens of the people. That does not mean that people are not important to them. They reach the people through the strategic challenges of the business. These 'transformational' professionals do not take a step to craft a HR strategy unless they are confident that they have really grasped and contributed to the development of the business strategy.

These professionals have moved beyond the notion of a business partner. These professionals are players in the business. How do you become a player in the business?

It has to start with self-perception and then has to be followed up by self-development. HR professionals that I have known to be players in the business do not view themselves as 'catalysts', 'coaches', 'service-providers' or 'partners'. They disregard any view that creates a psychological separation between them and 'the business'. They view themselves as a seamless, effortless and natural part of the business. This view is further enabled these days by the relentless and required 'out-sourcing' of those parts of the erstwhile HR departments that provide 'valet service'. Once these professionals have made this mental change – and some do not require making this mental change because they never had a contra thought anyway – they start viewing the organization and people from the lens of the strategic agenda of the business.

This self-perception is followed by rigorous self-development. Such a self-development can commence with a basic course in micro and macro economics and the fundamentals of corporate finance. It should be followed with numerous visits to the markets and the entire value chain. Building up and managing a portfolio of stocks will also help develop you on a daily basis. HR teams should report on business performance as the first item on the agenda before commencing the meeting. HR teams should participate, contribute and enrich the business conversation in the company. In such an environment, the priorities of the HR team will then make a rightward shift. This 'rightward' shift will address business areas such as capability development, reward strategy, organization design and cultural transformation with each initiative clearly directing its contribution to different strategic imperatives of the company.

Companies that have HR teams that do not meet the above description may have to transform these teams before embarking on globalization.

Conclusion

As mentioned earlier, it is an exciting time for Indian companies. The big world of opportunities is getting bigger and will get even bigger. To succeed in this wonderful world of opportunities, companies need to understand global markets, implement fast and assertive 360 degree change based on universal values and transform their HR teams.

To achieve this requires patience, imagination and investment. Indian business leaders are not short of patience and imagination. They must also be sure that they are confident of investing in global growth. Big rewards don't come cheap.

THE VOICE OF THE FUTURE

In order to present a 360 degree perspective on the role of HR, the NHRDN Journal sought the views of 8 Young HR Leaders of the post-liberization era, who shared their insights on the operating context for HR, their role as HR leaders, their experience with managing change, what they believed were the competencies required of HR leaders, what they would have done differently in retrospect, and what they believe is the role of HR in future. If one were to make a collage of key words used by these 8 Young HR Leaders, it would include phrases such as envisioning, passion for excellence, disciplined execution, willingness to learn, resilience and patience, risk-taking, teaming, responsibility and accountability, courage and conviction, amongst others. These 8 Young HR Leaders, like many others, set very high standards for themselves, demonstrated what HR can do and what they want to do and achieve in their careers ahead.

The NHRDN Journal also interviewed 100 young HR professionals who have spent between one and five years in the profession, to understand what they think about their careers in HR, the HR function and what they expect from leaders in the profession. Their views give us an idea of what the future generation of HR leaders believe are the challenges for HR. More importantly, this study gives us an insight into the aspirations and concerns of young HR professionals working with us and will hopefully help us respond to their aspirations and concerns with a better understanding. This will in turn help us enable them unleash the tremendous potential that lies within each one of them.

The HR Role: A perspective from Young HR Leaders of the post-liberalization era

In order to present a 360 degree perspective on the role of HR, we decided to seek out the views of 8 Young HR Leaders who have spent their entire career in the post-liberalization era. The purpose of this approach was to see if there is a 'constant core' to the HR function and how personal experiences and organizational contexts linked to prevailing socio-economic conditions, have influenced the application of principles and theoretical frameworks.

We interacted with 8 Young HR Leaders from diverse backgrounds and different industries, who are in their mid 30s to early 40s, and who are now in HR leadership roles in their organizations. They responded to a set of thirteen open-ended questions, that aimed at getting them to reflect on their past experiences, look into the future, and finally share their key learnings. This paper is a collation of these responses capturing common thoughts as well as highlighting unique experiences.

REFLECTIONS

Operating Context

Each country, each generation, each market poses its own challenges. Sometimes the perspective on these challenges varies depending upon the frames that one uses to view them. Cricketing metaphor best captures the responses. The 21st century experience is more like a T20 match, what you experienced in five days in a test match, you experience in about four hours. The key characteristics of the operating context that they experienced were:

- Rapid changes in an extremely competitive market place – demographic profile, consumer preferences.
- Yo-yo for many – hyper growth, contraction and recovery – all within a span of ten to twelve years.
- Unpredictability induced by sudden changes in the regulatory environment.
- Changing technology redefining the way of engaging with customers and other stakeholders.
- Big-bang approach to doing business – rapid scale-ups; horizontal and vertical penetration across segments/geographies.
- Increased number of variables impacting business decisions.

These characteristics injected a very high degree of uncertainty and ambiguity, often triggered by events seemingly unrelated and distant. The simultaneous expansion of industry sectors and the entry of global players into India, created a huge pressure and premium on people resources and leadership talent.

HR had to be agile and responsive to these changing needs and enable continuous re-alignment of the organization with business strategies. The key focus areas for HR were therefore, to design enabling and competitive organization structures, build a robust and scalable quality talent supply chain, strengthen capabilities, manage cultural and generational diversity, and balance employee aspirations and organizational realities. There were also times when HR had to realign to business realities and focus on right-sizing as well as efficiency and productivity improvements, though painful in the short-term, but required for long-term sustainability.

Sonali Roychowdhury is Head – Human Resources at Procter & Gamble India. Sonali joined P&G in 1998, after completing her post graduate education in Personnel Management & Industrial Relations at XLRI, Jamshedpur. Sonali has gained diverse HR experience across P&G operations in India, Singapore and Vietnam, and has built HR expertise in Organization Development, Talent Management, Leadership Development, Employee Relations, Strategic Business Account Partnerships and M&As.

Sonali was conferred the 'Young HR Professional of the Year' award by the National HRD Network, 'Women Super Achiever' by the World HRD Congress and one of the five 'Achievers of Excellence 2011' by the Bombay Management Association.

To quote Sonali Roychowdhury of P&G – "There is a heightened need to forecast business/external changes and adapt to it in an agile manner. Speed of change is much faster now, so organizations have to reinvent even faster to remain ahead of the game. At the same time, there is a need to grow into smaller ecosystems within the overall organization by designing different propositions for different parts of the business/people, without losing the overall identity and preserving the core/values that have worked in the past."

Change Management

For some it was integrating businesses, for others it was realigning HR systems and processes, and for some it was reshaping the organization to align with changing business contexts. But everybody had to manage 'significant change'. It is apparent that these experiences have enhanced their own capabilities, whilst demonstrating their leadership skills. Listening to their experiences, one could see a 'change tool-kit' emerging:

- Understand your business very well.
- Have an ambition greater than the resources available – mindful, but not constrained by them.

- Be transparent and accessible to the leadership team and employees. Let them know about the purpose of change.
- Be patient and empathetic. Persevere.
- Authenticity – do what you say, say what you mean.
- Plan meticulously and have an eye for detail. Many a times, a small detail missed could derail the best laid out plans.
- Generate scenarios, anticipate reactions and evolve a multi-pronged approach.
- See patterns – see what everyone sees, but try to think differently.
- Understand how the formal and informal organization works.
- Be decisive. Have clarity on the non-negotiable outcomes.
- Clarify responsibilities and accountabilities, and extend required support.

The Young HR Leaders were also forthright in stating what they could have done better or differently in hindsight, demonstrating their willingness to reflect and learn from experience.

- Anchoring actions to robust principles, constructs and concepts.
- The ability to forecast 'change' with far more accuracy than before, and use it to drive the HR roadmap of the future. The use of predictive HR analytics, honing skills to pick up external insights, converting these into a change roadmap internally, and creating HR innovations to keep pace.
- Ability to challenge the status quo and push the envelope with the leadership team.
- Communicating a lot more than what one actually did.
- Staying dispassionate and not letting emotions impact you personally.
- Effective resource planning.
- Taking hard-calls early, which could have accelerated the pace of change.

> "If senior executives don't have reasonably detailed answers to the "future" set of questions, and if the answers they do have are not substantially different from the "today" answers, there is little chance that their companies will remain market leaders. Whatever market a company might dominate today, it is likely to change substantially over the next ten years. There's no such thing as "sustaining" leadership; it must be reinvented again and again."
>
> 'Competing for the Future'
> Gary Hamel, CK Prahalad

Judhajit Das is Chief Human Resources Manager at ICICI Prudential Life Insurance. Judhajit started his professional career in 1995 with the RPG Group, after completing his post graduate education in Personnel Management & Industrial Relations at XLRI, Jamshedpur.

Judhajit joined GE Capital in 1999, responsible for establishing and building the HR function for the Credit Cards business. He has been leading the HR function at ICICI Prudential Life Insurance since 2005, and provides leadership in building a scalable HR infrastructure through technology development in order to support the growth of the business. Judhajit is currently leading ICICI Prudential's transformation agenda of growth and profitability.

Judhajit Das of ICICI Prudential Life captures the change process succinctly – "The role of the HR Head in supporting the change/transformation agenda involves supporting the CEO and the leadership team in the execution of the agenda. The attributes/competencies for management of this change involves facilitating the change process. This involves sensing employee issues around the change, helping to fine-tune the messaging, creating multiple communication platforms/channels for driving alignment, helping calibrate the pace of change, dealing with resistance, championing those who have embraced the change agenda, facilitating solutions between affected parties, and more importantly, being a passionate advocate for the transformation agenda. Winning the hearts and minds of our employees requires connecting with them at an emotive level as change is not a rational, cognitive process alone."

The Young HR Leaders have internalized the belief that change management is a fine balance between how hard to push to build something that is new/unfamiliar and the more comfortable path of staying with tried-and-tested paradigms.

In fact, for most of the respondents, leading a business impacting change management initiative was amongst their most satisfying, enriching and learning experiences – establishing a centre of excellence, setting up the India operations, leading the integration of two organizations, building a talent/leadership pipeline, innovative interventions based on foresight, preserving the organizational ethos/culture in a new-age industry across business cycles were some of the other challenges that excited them and gave them enormous satisfaction.

Most of the respondents had the opportunity to work across different geographies and different organizations. Every assignment was a change for them, and obviously they did not have the luxury of time and so had to hit the ground running. It was important that they respond to this change, in a manner that ensured their continued effectiveness. Their change mantra seemed to be 'LOL' – Listen, Observe, Learn. It required them to make an investment to sensitize themselves and gain adequate knowledge about the 'new' culture and context, and to build relationships. They could quickly assimilate the similarities and differences, but when responding to similarities they would not relate to the 'earlier' organizational entity.

Ayaskant Sarangi is Director – Organization & Staffing at GE India. He has been with GE since 2004 in HR leadership roles in GE's Healthcare business in China, Korea and South East Asia. He moved back to India in 2010 as Director – Organization & Staffing, where he is responsible for Leadership Development, Organization Design, Succession Planning, Staffing and Talent Development.

Prior to joining GE Healthcare, Ayaskant worked with Infosys Technologies and L&T Infotech. Ayaskant has a B.Tech from NIT, Surat and an MBA from Xavier Institute of Management, Bhubaneswar. His areas of interest include Organization Design, Leadership Development and Managing Change.

This was best illustrated in the response of Ayaskant Sarangi of GE who said – "I have had the experience of leading HR teams in Asia. My biggest learning from this experience has been that every region is unique and what works in India, may or may not work for example in Australia. A lot of reading about the country, visiting these regions multiple times to build relationships, positioning myself as a learner rather than a manager went a long way to create the right impact. Small things, such as being sensitive about not quoting examples of 'this is how it is done in India' helped create an image of being a balanced HR leader."

Interestingly, most of the respondents experienced certain universalities in terms of expectations – respect for people, alignment to local culture and regulations, meaningful work, clarity in expectations, and appropriate rewards and recognition. Also, none of the respondents mentioned any aspect that would normally be construed as 'stereotyping'. A significant lesson for managing diversity!

When working in different organizations, their key to success was the ability to quickly understand and appreciate business/market imperatives and accordingly 're-frame' past experiences and professional views, without compromising on core principles and values. it was also necessary to have the courage and conviction to challenge the status quo.

Rahul Gama is Vice President – Human Resources, Godrej Consumer Products (GCPL), and is responsible for driving the HR strategy of the company. A multi-faceted HR leader, Rahul has worked across a range of sectors including Manufacturing, Consulting, FMCG, Services and Retail, and has developed expertise across these verticals.

Rahul now leads GCPL's HR function based at the Corporate Office. He has an MBA in Human Resources from the Symbiosis Institute of Business Management. Rahul lives in Mumbai and is passionate about conservation and wild life.

Rahul Gama of Godrej Consumer Products, who has had the opportunity to work in different organizations, said – "Each of these opportunities required a different approach and mindset although they were at different stages of my career. What helped me in fine-tuning my approach, (some with the wisdom of hindsight) was to be 100% clear on the business objectives and how these objectives would result in winning in the marketplace. It also meant challenging some of those objectives to ensure conviction and clarity. HR thinking was then easy to drive. Having done this, it was imperative to ensure clear priorities were established, alignment with teams carried out, followed by rigorous execution."

Credibility

Analyzing the responses, one common thread that emerged whilst discussing 'personal' or 'organizational' change was **CREDIBILITY**. And there was no ambiguity on dimensions/indicators of credibility. It was interesting though to note the strong emphasis on business perspective and execution; and probably a newer dimension of coaching emerging. In earlier years, it would have been more to do with professional competence and personal values.

- Business acumen coupled with professional competence – good understanding of the business and market first; then an ability to give insights on HR implications of business challenges; and finally the ability to contribute to organizational thinking and decision-making by joining the dots.
- Managing paradoxes to help the organization stay relevant – balance the short-term and long-term by realizing that one needs to master delivering short-term outcomes while being able to take a step back and help business navigate in the long run; deal with ambiguity and multiple pressure points; develop the ability to proactively communicate to influence different stakeholders often having conflicting expectations.

- Unimpeachable personal and professional integrity.
- Authenticity and Empathy – being above board when it comes to people and organizational issues; be seen as fair yet firm, genuine, unbiased, honest and transparent; a good listener; trusted to present the people/organization view as it is.

Gaurav Lahiri is Managing Director – Hay Group India. Having earlier worked with the Hay Group in London, Singapore and Melbourne, Gaurav has served clients across Europe, US, the Middle East, Africa and Asia Pacific, helping them align their organization with their strategic agenda.

While Gaurav's primary focus is Organization Transformation and M&As, he has also helped clients research and develop competency models for outstanding performance. Gaurav has a Bachelor's Degree in Mathematics from Delhi University and an MBA from XLRI, Jamshedpur.

Gaurav Lahiri of the Hay Group articulated this aspect very well, when he stated – "As HR leaders, we need to be above board when it comes to people and organization issues which are always sensitive. It also helps attract better talent, as they want to work for 'real' people and HR leaders are quite often the custodian of the brand of the company in the eyes of talent."

- Ability and willingness to stick one's neck out – paint the big picture, proactively share scenarios, hold the mirror to senior leadership; be a devil's advocate; be the conscience keeper; be in the forefront at times of crisis.
- Execution excellence (Speed and Quality) – ability to orchestrate thoughts and actions; deliver on what one says; attention to detail to get things right the first time.
- Coaching – being able to coach and mentor peers and juniors, and even seniors.

FUTURE GAZING

Having reflected on the past, it was time for the Young HR Leaders to indulge in some future gazing and hence the imperatives for HR.

Operating Context

There was almost a unanimous view on what aspects would define the future operating context. Aspects highlighted are probably also a reflection of a generational view. The only dimensions that remained a constant with the past and present were global inter-connectedness, volatility, uncertainty and complexity – albeit with increased intensity in future.

- Equity and Inclusivity – All the Young HR Leaders spoke of this becoming a business imperative in future. Be it social inclusion, or environmental alignment, governance, or the very definition of talent to make it more broad-based. They argued that sustainability of businesses hinges on how well they do on inclusive and equitable growth and progress, or else the societies in which businesses operate could become chaotic and make organizations vulnerable.

Gagan Bhargava is Group Head – Human Resources at NDTV. He joined NDTV in 2007 after working with Infosys Technologies where he managed a wide range of programs and initiatives in the Compensation & Benefits area. He also spent a considerable amount of time in Europe as HR Business Partner for the region. Gagan was the recipient of the Infosys HR Award for Excellence in 2005.

At NDTV, Gagan is responsible for Talent Management across the NDTV Group. He received special recognition from the Group CEO for his significant contribution to NDTV's success. Gagan has a Bachelor's Degree in English Literature and an MBA from the TA Pai Management Institute. His areas of special interest are Managing Change and Talent Management.

Gagan Bhargava of NDTV summed it up well when he said – "In the future, businesses will face tremendous pressure to become socially responsible. CSR will no longer be a fad, it will assume center-stage. Another factor that will have a telling impact is corporate interaction with all sorts of environmental considerations. It will no longer be enough to support causes financially, but a proactive and visible engagement would need to be demonstrated. Finally, corporations will have to become inclusive; the demographic dividend will soon turn into a demographic disaster if not carefully managed."

- Technology – It would not be incremental changes in technology, but the generation-skipping technological changes that would have the maximum impact. Organizations that are investing in understanding the implications of technological shifts on stakeholders (consumers, employees, supply-chain, etc) and how they conduct business; and responding to them with agility will have the competitive advantage.

- Diversity – The key aspect would not just be diversity, but the co-existence of diverse groups. This would necessitate a multi-dimensional, multi-directional and a flexible approach on the one hand to cater to varied needs, and creating appropriate alignment mechanisms on the other hand to ensure synergies. Only then can diversity be leveraged, and not remain a mere statistic. Interestingly, diversity in competition and consequent co-existence through collaboration could also become a way of life!
- Customer expectations – Customers would become more demanding, more conscious and more individualistic. The closer the organization is to customers, the better would be the organization's reading of the minds of individual customers and not just a segment as a whole; the faster the organization is in crafting and offering appropriate and differentiated products and services, the higher would be the probability of retaining market share.

Implications

The geographical canvas of organizations would increase both horizontally and vertically in the years to come in terms of operations, labor and product markets. The emerging trends would need future organizations to be socially and environmentally relevant whilst pursuing business objectives, less hierarchical and more of a community of professionals, significantly matrixed, more agile and nimble, highly innovative, and competitively differentiated. Business and HR leaders together would need to have the will and skill to collaborate and dialogue with stakeholders, manage paradoxes, encourage new ideas and different points of view, structure organizations and processes for speed and engagement; and most importantly build a competent and high quality leadership team essentially comprising of those at middle management levels today to handle future challenges.

HR professionals need to sharpen their business acumen, financial and commercial understanding, focus on metrics and impact related to HR interventions, and personally become technology proponents. The biggest shift for HR is likely to be in their circle of influence – it will go beyond employees and extend to the supply chain, partners, and more importantly society. Another aspect of the HR role that would become critical in future is that of being a People Champion, which over the past few years has been overshadowed by the desire to be seen as hard-nosed business partners. This does not mean that HR swings to the erstwhile pure welfare orientation; but strikes the right balance – the golden mean. HR leaders in particular would need to acquire skills and credibility to coach 'leaders' and not just peers or subordinates.

However, certain tenets and dimensions of HR would still be relevant, if not more relevant than before. They are timeless. And these are essentially the dimensions of credibility that were discussed earlier.

Prabir Jha is Senior Vice President – Human Resources, Tata Motors. Prabir first joined the civil services and worked in the Ministry of Defence for 10 years, before deciding to join the post graduate program in Personnel Management & Industrial Relations at XLRI, Jamshedpur, from where he graduated in 1999.

Prabir then worked with Thermax and later with Mahindra British Telecom (now Tech Mahindra) and Dr. Reddy's Laboratories, where he was instrumental in building arguably the strongest employer brand in India's pharmaceutical space. Prabir joined Tata Motors in 2010 as Senior Vice President – Human Resources where he is responsible for leadership of the HR function across the company. Prabir is based in Mumbai.

To quote Probir Jha of Tata Motors – "The new world will have a very different generation of customers and employees. The ability thus to understand and read a new generation will be key. How not to be a prisoner of one's generation will be a key attribute. Ability to lead virtual and spatially distributed teams will need a new disposition. To be a leader of significantly smarter and more aspirational colleagues will need a leadership of humility. Understanding cross-cultural complexities will also become very important. Willingness to enjoy ambiguity and work with shorter life-cycles of HR interventions will help. Unlearning and relearning, combined with the evergreen virtues of integrity and empathy, must always be a strength one can never have enough of. Consciously letting go and getting reverse mentoring by younger colleagues is my mantra!"

SUCCESS MANTRAS

Self-management

Context and opportunities are all external factors. Finally, it is the 'person'; it is the 'internal core' that makes a difference. If the 8 Young HR Leaders have succeeded in their careers, it is because of their hunger for learning and humility not to be complacent, that has made them make significant investments of time and energy in remaining contemporary. Almost all of them emphasized the importance of on-the-job learning and the fortune of having the right mentors early in their careers.

Dr Tanaya Mishra is Senior Vice President – Corporate Human Resources at JSW Steel. She has over 15 years of experience in HR leadership roles at Shopper's Stop, First Source, WPP, SBI Life, DHL and ACC Concrete Ltd where she was Chief Human Resources Officer.

Tanaya's experience covers Organization Design & Effectiveness, Leadership Development, Performance Management, Compensation & Benefits and Training & Development. She was awarded the "Young HR Leader's Award" by NHRDN in 2008.

Tanaya has a PhD in Manpower Planning from Utkal University and a post-graduate degree from the Delhi School of Economics. She also has a Bachelor's degree in Law.

Dr Tanaya Mishra of JSW was emphatic about the importance of self-development – "As a HR professional I had the urge to learn, to adopt and to adapt, to be flexible, to learn and to deliver. In retrospect, life coaching by senior professionals who have walked the talk helped immensely and shortened the learning curve. Another great opportunity is none other than our own humble HR tool – the 360 feedback. This was a significant eye opener for me to work on myself to become a better professional."

Some other key elements of self-development shared by these Young HR Leaders included:

- Understanding self and taking ownership for one's thoughts and actions; periodic self-reflection.
- Multiple experiences (generalist, specialist, geography) through various roles. Some of them have made personal and professional sacrifices at the altar of learning.
- Moving away from comfort zones by taking on new, challenging, complex and stretch assignments.
- Seeking and valuing regular feedback from superiors, peers and juniors.
- Leveraging development programs on offer within the organization. Not waiting for the organization to take the initiative.
- Having professionals and individuals acting as coach or mentor.
- Having the passion to succeed and the resilience to stay grounded and to try again when confronted with setbacks and failure.

- 360 learning on a continuous basis – from peers, seniors and team members within and outside the organization, customers, suppliers, competition, etc. This not only provides multiple perspectives and insights, but also speeds up knowledge of best practices.
- Reading to keep themselves abreast of emerging and futuristic changes, as also to sharpen their conceptual understanding.
- Pursuing other interests/hobbies to remain grounded and relaxed.

Taking more risks and strengthening an entrepreneurial mindset to maximize opportunities was an area that some felt could have received greater focus. Another aspect that most of them, in hindsight, felt would have further aided their development, was greater networking with peers and business leaders, associating with professional bodies, and engaging with the youth of today, who are the leadership talent for the future.

Not trapped by myths

Very often getting trapped in myths impedes growth and development. These Young HR Leaders made sure, very early in their careers, that these myths did not entrap them.

- Leadership is based on age and rank – The HR Leaders operated on the premise that it is actually based on the impact one creates.
- Only seniors can influence – The HR Leaders considered influencing an integral part of their role from day one, which required them to continuously enhance their knowledge, skills and credibility.
- People in Sales/Marketing grow faster than HR professionals – Instead they believed that growth is always relative to an individual and there are multiple opportunities in every function.
- Strategy is important, and execution is not 'my' job – The HR Leaders were emphatic in saying that strategy and execution are two sides of the same coin.
- HR is a specialized function, which can operate independent of business. Only HR competencies are important, business acumen is secondary. Worse still is the myth that HR is just a support function – The HR Leaders were emphatic that HR is integral to the business and has a pivotal role in driving business strategy and enhancing value creation.
- Outcomes only matter, and not processes – The HR Leaders believed that nothing could be further from the truth. Whilst outcomes are essential, it is processes that build sustainability and convert an enterprise into an institution.
- Managing people is the prerogative of the HR function; line managers cannot address HR issues – The HR Leaders were emphatic that an important dimension of their role is to enable line managers address HR issues.
- Employees make unreasonable requests – The HR Leaders believe that employees are stakeholders and partners in the enterprise.
- HR is a thankless job or as some would think, HR is an easy job – What could be further from the truth!?

Conclusion

If one were to make a collage of key words used by these leaders, it would definitely have phrases like – Envisioning, Passion for Excellence, Disciplined Execution, Willingness to Learn, Resilience and Patience, Risk-Taking, Teaming, Responsibility and Accountability, Courage and Conviction, and of course, many of the aspects discussed earlier.

HR's relevance would be more critical and visible in the years to come. It is up to HR professionals to be well-positioned to make a difference, not only to their organizations, but also to the larger society. These 8 Young HR Leaders, like many others, set very high standards for themselves, demonstrated what HR can do and what they want to do. All of them ultimately, want to leave a 'legacy of value.'

This paper was written by L Prabhakar, after he interacted with the 8 Young HR Leaders who were interviewed for this study. L Prabhakar is currently Vice President – Human Resources of the Agri Business Division of ITC Limited.

Prabhakar completed his post-graduate education in Personnel Management & Industrial Relations from XLRI, Jamshedpur in 1988 and has been with ITC for more than 18 years. He also worked with the TVS Group and the Murugappa Group.

Prabhakar is very active in professional circles and is a member of the National Board of the National HRD Network. He is widely respected as a HR professional and goes out of his way to make time to mentor young HR professionals and assist them in their professional development.

The Voice of the Young HR Professional

Background

The HR profession has attracted a large diverse pool of talent in recent years. It has also been a period of turbulent change and complexity for the function. The function has evolved significantly over the last decade, with a new generation of talent being inducted at a time when the deliverables from the function have been intense and demanding in a business environment of growth, talent scarcity and severe competitive pressures.

Many of these recent entrants to the profession have been witness to an environment of accelerated learning, stretch assignments and rapid change in the manner in which organizations have decided to address the human capital management challenge. **In this context, what do these young emerging HR practitioners think about their careers in HR, the HR function and what are their expectations from leaders in the profession?** How have events shaped their perceptions and views about HR? What should HR leaders today do to harness the potential of this constituency and create a robust HR talent pipeline for tomorrow?

To answer some of these questions, we surveyed a group of 100 young HR professionals working in various organizations across sectors and with experience of between one and five years, and sought out their views.

Research Methodology

A sample size of 100 HR professionals with experience of between one and five years was identified as the target group to be surveyed. Respondents were administered an instrument of eight questions over email. While we received over 130 responses, 100 qualified in terms of the desired experience profile with most of the respondents having completed their post- graduation in HRM from a premier institution. The questionnaire was prepared with the intention of examining three aspects of the individuals' perceptions:

Role & Self

Views about their own role, capabilities required, the kind of work that excites them and what motivated them to choose HR as an area of specialization. Responses were solicited through the following questions:

- As a young HR professional, what do you believe is your primary role in the organization?
- What capabilities do you think are required to perform your role effectively?
- What specific area (vertical) of HR excites you?
- Why did you choose HR as a profession?

Expectations from leaders in the HR function

- What are your expectations from leaders in the HR function?

Challenges for the HR function

Future direction of the function and key capabilities required contrasted with how peers view the function today.

- What 'phrases' would you use to describe the HR function in your company?
- What do you see are the key challenges for the HR profession in the next three to five years?
- How do you visualize the role of HR evolving in the future?

Each of these questions were to be answered by ranking an identified set of responses (4 to 9 in number) defined as 'attributes' for each question. Respondents were asked to rank each attribute on its relevance/importance in relation to the question on a ranking scale. To discriminate between attributes and identify the dominant responses to each question, a **net score** was derived for each attribute. The **net score** was derived by adding up the top 2 ranks count (ie summation of % age respondents scoring the first 2 boxes) and subtracting from it the aggregate bottom 2 ranks count (ie summation of % age respondents scoring the last 2 boxes). A relatively **high positive net score** on an attribute for a particular question reflects the dominant view of respondents on that question. In response to most questions, normally just 1 or 2 attributes appeared with significantly large positive **net scores**, indicating a fairly high degree of similarity of views among respondents with the rest of the attributes often scoring a negative net score or a very small positive net score. It is relevant to note that the **net score** is a derived score for an attribute and does not imply that a **negative net score** means respondents are negatively pre-disposed to an attribute. Instead, the lower preferences by respondents on that attribute far outstrip the high preferences on that attribute.

This is an exploratory study and there is scope to further analyze the responses in the context of industry sector, specific roles of respondents, organization context and parameters that have a bearing on the responses.

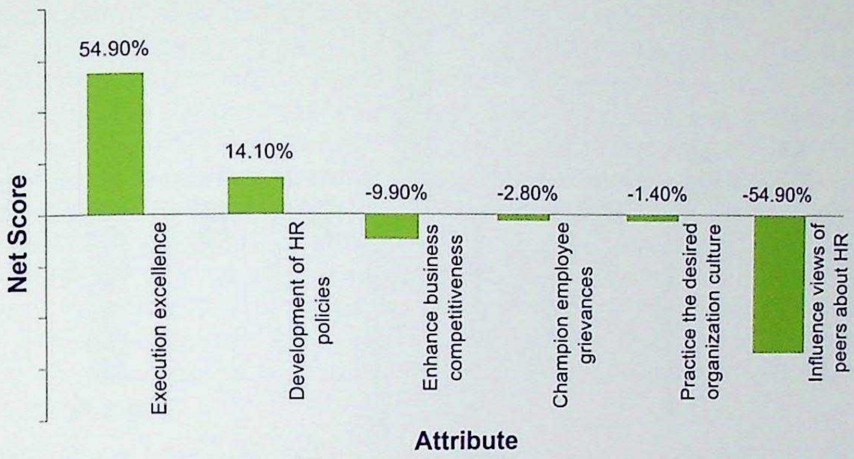
Findings

Role & Self

When asked about their primary role in the organization, an overwhelmingly large majority of respondents identified with the attribute '**Execution excellence in HR policies, practices and systems**'. Clearly, and not surprisingly most respondents see their contribution at enhancing operational excellence of the HR function, a key dimension in enhancing the credibility of the function by 'getting things done'. The efficiency focus however does not in any way take away from their aspiration to contribute towards '**Influencing the development of HR policies and strategies**' which emerged as the second most, though distant from the first, important attribute. Young HR professionals see their immediate role in terms of effective and efficient delivery of HR processes with the opportunity to contribute to the development of policies and strategies that have a longer term impact.

Championing employee grievances, communicating and practicing culture, enhancing the competitiveness of business, or influencing the view of HR amongst peers in other functions do not feature as priorities.

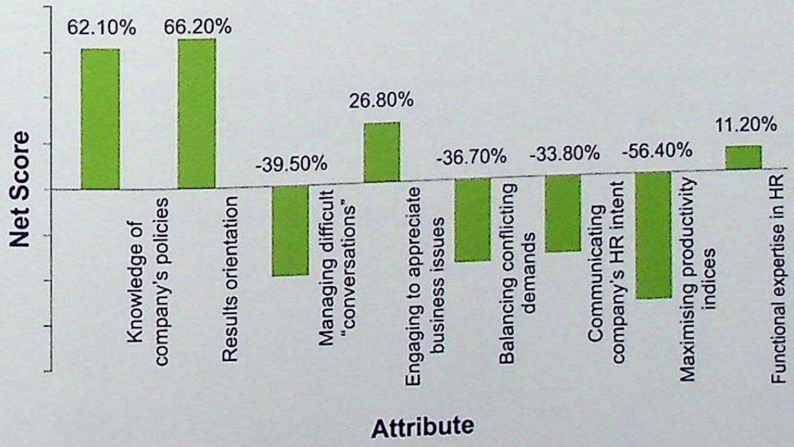
As a young HR professional what do you think is your primary role in the organization?



In terms of capabilities required, the opinion is fairly consistent and definitive. Respondents strongly identified with two key capabilities:

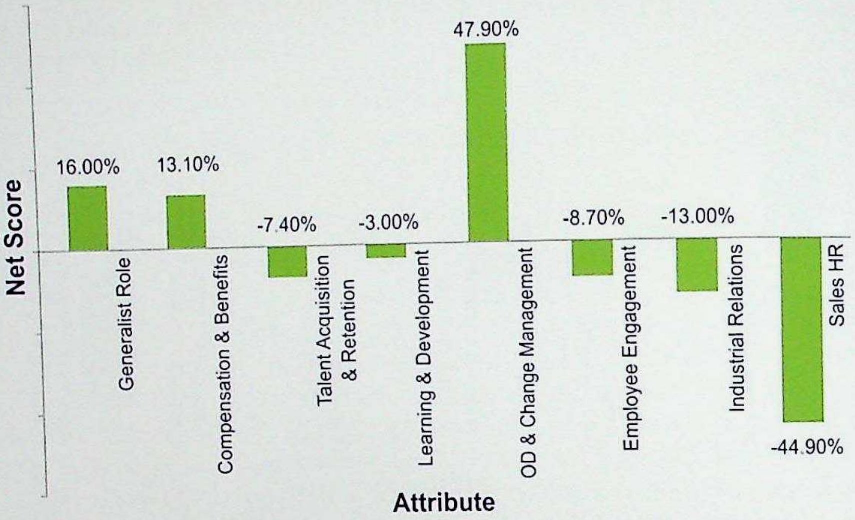
- **'Deep knowledge of the organization's policies, practices, systems and their intent'**
- **'High results orientation – ensuring HR delivers within the expected internal standards'**

Capabilities required to perform your role effectively



The results support the earlier observations of execution mastery that requires a mindset of high results-orientation and a thorough knowledge of processes and their intent. Managing difficult conversations, maximizing productivity, communicating the company's HR intent, balancing conflicting demands or understanding how HR impacts business were all rated relatively low as capabilities.

What area (vertical) of HR excites you?

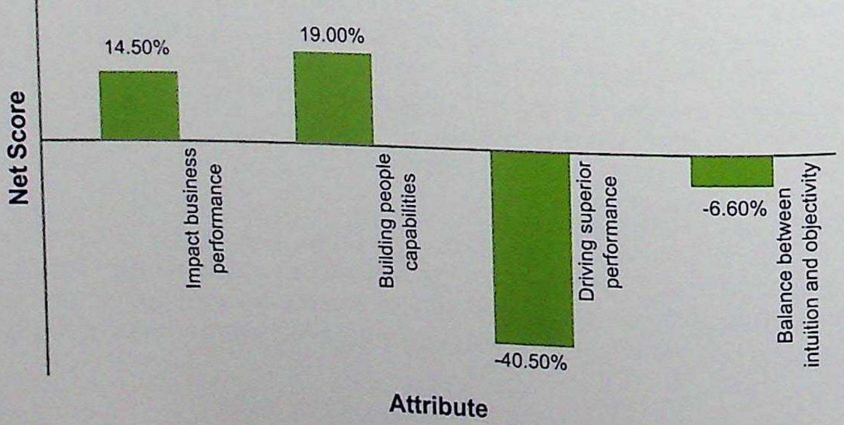


Respondents identified **'OD and Change Management'** as the area of HR that excited them the most with the traditional **'HR Generalist'** role a distant second. The desire to make a difference by engaging with issues that have a deep impact on an organization's vitality and competitiveness appear to be an overwhelming preference area of work. Young HR professionals do not seem to prefer a role in Industrial Relations, as reflected in the low net score. This is an area of concern.

Could it be that young HR professionals engaged in delivery of HR practices yearn for work that they feel would have an impact on long-term competitiveness and culture? The answer to that is reflected in the responses to what drove these young HR managers to opt for HR as a profession of choice. Two reasons clearly stand out:

- **'Impact business performance through people practices'**
- **'An opportunity to enhance people capabilities and help them realize their potential'**

Why did you choose HR as a profession?



Implications

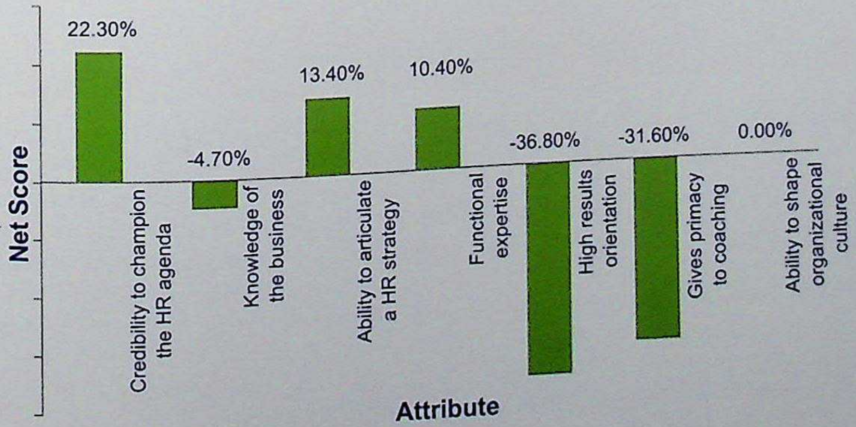
The results raise certain vital questions about young HR professionals in relation to their current roles and priorities. While most of them chose the profession with the intention to make a difference to business and help employees realize their potential, their current singular priority of HR execution and delivery through a focus on the 'know what' rather than 'know why' does not bode well in relation to their own intentions or an organization's expectations from the HR function. **If enhancing the competitiveness of business is one of the fundamental cornerstones of HR, then certainly this is not reflected either in their current priorities or the capabilities expected of them.** If young HR professionals are being rewarded and recognized only for execution excellence and delivery, this is expected. Perhaps there is a need for HR leaders to redirect some of the energy and enthusiasm of young HR managers from chasing sheer efficiency to enhancing effectiveness, from pursing score cards to making a difference to the business, from executing to engaging.

While the quality of HR delivery and execution is certainly important and a necessary condition for success, beyond a point there is a danger that these become measures of success replacing outcomes and impact. **The silver lining is respondents do want to engage in work that impacts competitiveness and people capability over a longer time horizon, but perhaps they need someone to show them the path to actualize this intent.**

Expectations from HR Leaders

The personal **'credibility of the HR leader to champion the HR agenda'** stands out as a distinctly dominant expectation of young HR professionals. The **'ability to articulate a HR strategy'** or **'HR functional expertise'** are second order requirements. **'High results orientation'**, **'Knowledge of the business and the key ingredients of business success'**, or **'Coaching, developing, nurturing HR talent'** are not articulated as priority expectations, perhaps indicating that young HR professionals are self-driven and will find opportunities to learn and develop through their experiences, but seek out leaders who have the personal credibility to drive HR goals in an organization.

Expectations from HR Leaders



Implications

Synthesizing the responses about expectations from HR leaders with the respondents' views on role and self, one may speculate on a hypothesis that young HR professionals have the requisite tools and understand the business' competitive context, but are seeking leaders who have the personal stature to be able to bring the organization around to practice what is often left articulated only as a statement of intent or strategy. Clearly young HR folks expect their leaders to articulate the direction and the larger HR strategy, but more importantly, they look for inspiration in the passion and commitment, in letter and in spirit, of their HR leaders in pursuit of the organization's people goals.

Looking Ahead: Challenges for the HR profession

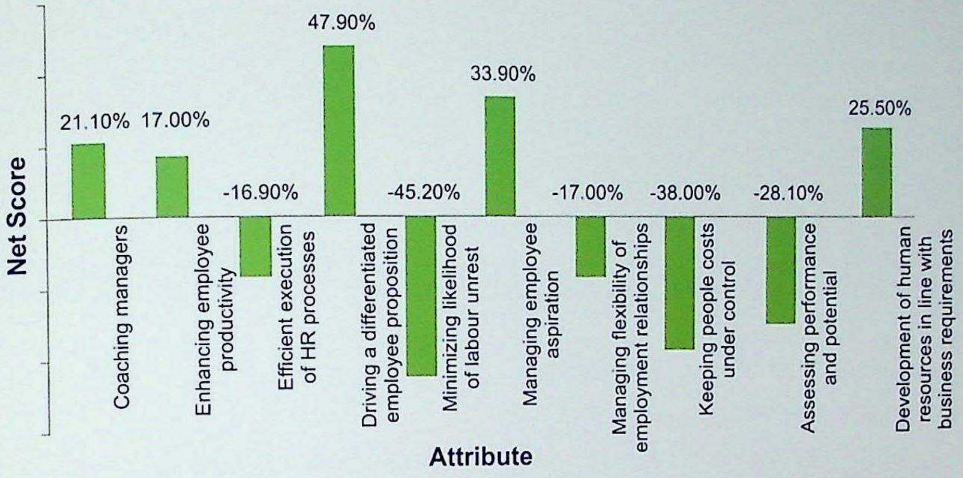
When queried about how employees view the HR function in their organizations today, a dominant and large number expressed the preference that HR is seen as a **'Provider of people resources and an administrator of HR policies'. 'Ensuring transparency and fairness in people decisions'** and **'Delivering training programs that improve performance'** were identified as secondary attributes with significantly lower scores.

Which of the following are most likely to be used by employees as "phrases" to describe the HR function in your Company? Rank order 3 phrases you think are most likely to be used, 1 being most likely (only 3)

Descriptor	Net Score
Provides people resources and administers people policies	50.00%
Attempts to ensure fairness and transparency in people decisions	14.30%
Delivers training programs that improve performance	10.60%
Solves people related issues for the business	3.00%
Establishes the culture in the company through its policies and practices	-3.70%
Provides opportunities for employees to be recognized	-10.00%
Communicates rules and procedures to employees	-15.80%
Monitors employee performance, ensures appropriate action on performance issues	-33.40%
Organizes employee welfare and socialization events	-38.40%

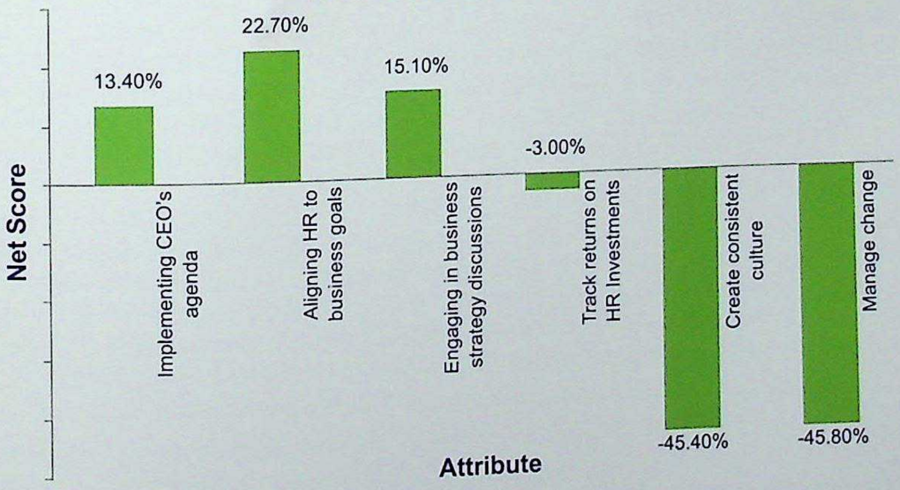
Going forward, young HR professionals see a very different set of challenges for the HR function. When asked what they perceive as the key issues in the next 3-5 years, a large majority identified with the challenge of **'Creating and driving a differentiated employee proposition to attract and retain key talent'** as the foremost issue. **'Managing employee aspirations about remuneration and career progression'** also emerged as an important area followed by **'Development of Human Resources in line with business requirements'.** Young HR professionals appear to foresee a trend characterized by increasing dynamism and competitiveness in the talent market. Consequently, the function would be expected to play a lead role in identifying a unique and valuable proposition for key talent.

Key challenges for the HR profession



In this context, young HR managers see the role of HR in future as being one that is **'accountable for ensuring that all HR work within an organization is aligned to business goals'** and feel the function will be increasingly responsible for **'Engaging in business strategy discussions and identifying requirements, providing and executing corresponding solutions proactively'** with regard to people practices.

Role of HR in the future



Implications

The singular focus on operational excellence has led to predictable consequences. The HR function, according to respondents, is viewed as a provider of people resources and an administrator of policies rather than one which provides solutions to people challenges in the business or one that plays a role in establishing a desired culture through policies and practices. However, one may speculate that the focus on operational excellence has led to at least one positive consequence – HR is viewed, according to a reasonable number of respondents, as a function that attempts to ensure fairness and transparency in people decisions. It is possible that the pursuit of operational excellence has brought greater rigor in decision-making processes concerning people, thereby leading to an improvement in perceptions of equity in people decisions.

The challenges young HR professionals see ahead are a reflection of the intensely competitive talent market. As organizations rapidly replicate HR practices, young HR professionals have very succinctly identified that the success to compete in a crowded talent market would have to be differentiation of the employment proposition to be able to effectively deal with the increasingly demanding expectations about remuneration and career progression. In response to the question about how they visualize the role of HR in the future in the context of these challenges, respondents emphasized alignment with business goals and in crafting and executing solutions. It may be surmised that while respondents recognize that differentiation is critical, it has to be 'fit for purpose' and rooted in the competitive context of the firm.

The Agenda for HR Leaders

From the survey results, one may draw certain conclusions, for the function and for HR leaders:

- HR processes must be rooted in enhancing the competitiveness of business and in driving change, when required. Operational excellence and delivery must be evaluated against the impact on business or the specific culture a business may be attempting to build or change.
- HR leaders must be able to articulate a path and a goal, but even more importantly, they must bring passion and commitment to the task which inspires young HR professionals.
- HR leaders must invest in building a case as to how HR processes and sub-systems contribute to enhancing competitiveness, as young HR professionals must value outcomes as much as they value process compliance. This may require greater delegation of authority, coupled with greater accountability around results and not just around process execution.
- HR leaders have to engage deeply with the challenge of creating a unique, valuable (to the business) and sustainable employment proposition in an environment characterized by rapid commoditization and frenzied replication of 'best practices' across organizations. Young HR professionals have correctly pointed this out and it is for HR leaders now to craft, communicate and deliver this proposition with all the passion and intensity expected of them.

This survey was undertaken exclusively for this issue of the NHRDN Journal by Mamta Pandey and Amitav Mukherji.

Mamta Pandey is Assistant Manager – Human Resources with ITC Limited and has been with the company for two years now, having joined ITC after completing her post-graduate education in Human Resources Management from SCMHRD, Pune in 2010.

Amitav Mukherji is Vice President – Human Resources for the Foods Business of ITC Limited. He joined ITC in 1995 after completing his post-graduate education in Personnel Managment & Industrial Relations at XLRI, Jamshedpur. In 2004, he spent a year at Cornell University doing an MA in Industrial Relations. In ITC, apart from spending 15 years in HR with the Tobacco Business and the Foods Business, Amitav also did a two-year stint in FMCG Marketing, first as Branch Manager and then as Brand Manager. He was appointed to the Management Committee of ITC's Foods Division in 2011.

THE NEW GROWTH ECONOMIES

- What can we learn from China and Brazil?

This section of the Journal seeks to provide insights on managing HR in China and Brazil; amongst the world's fastest growing economies. Is there something that we in India can learn from these two countries?

Peter Cappelli and **Tony Fang** share with us their understanding of HRM in China, the relatively limited role that HR has played so far, employment issues that have recently become a challenge and what companies in China are now doing to address this challenge. In so doing, companies in China have to contend with the continuing influence of Chinese culture on management practices and on building an organization culture. Will companies in China actually benefit from applying management practices of the West or will they eventually be better off cognizing for the unique elements of Chinese culture in building a Chinese way of managing human resources? And is there something that we in India can learn from the China experience?

As companies in Brazil globalize, **Germano Glufke Reis** and **Maria Tereza Fleury** emphasize the need for these companies to develop new mindsets to take advantage of a promising new world. They examine the issues involved in not only developing global mindsets to compete in the complex world of global business, but more importantly, to enhace their ability to respond locally even in culturally distant countries. A few Brazilian companies have established themselves as global companies. Is there something to learn from their experience so far?

Vijay Bhatnagar and **Sanjay Sharma** share the pioneering experience of ArcelorMittal in setting up business in China. Apart from sharing with us how ArcelorMital went about its China forays, what is fascinating is the manner in which this global corporation selected managers to set up shop in China, the qualities they looked for in these managers and how they nurture their professional growth and development to succeed in China and build ArcelorMittal's presence in the world's fastest growing economy that is destined to become the world's largest economy by 2030.

The Chinese Approach to Managing Human Resources

Peter Cappelli and Tony Fang

Peter Cappelli is the George W Taylor Professor of Management at The Wharton School and Director of Wharton's Center for Human Resources. He is also a Research Associate at the National Bureau of Economic Research in Cambridge, MA. Peter Cappelli has degrees in Industrial Relations from Cornell University and in Labor Economics from Oxford, where he was a Fulbright Scholar.

Peter Cappelli was recently named by Vault.com as one among the 25 most important people working in the area of human capital and was elected a Fellow of the National Academy of Human Resources. He currently serves on commissions for The Business Roundtable, the World Economic Forum and the US Department of Labor. His recent publications include "The New Deal at Work: Managing the Market-Driven Workforce" and "Talent on Demand: Managing Talent in an Age of Uncertainty." In 2009 he co-authored a book, "The India Way: How India's Top Business Leaders are Revolutionizing Management", along with Harbir Singh, Mike Useem and Jitendra Singh.

The Emerging Importance of HRM in China

The rise of the Chinese economy has arguably been the most important story in the world economy this past generation. Its rapid rate of growth (about 10% a year for the last 30 years) brings with it not only a higher standard of living, but also challenges around managing employees. The exposure of government-run business operations to world markets and the expansion of private enterprise have led to important changes in operations, especially in how employees are managed, and the development of what may eventually be a distinctive approach to employee management.

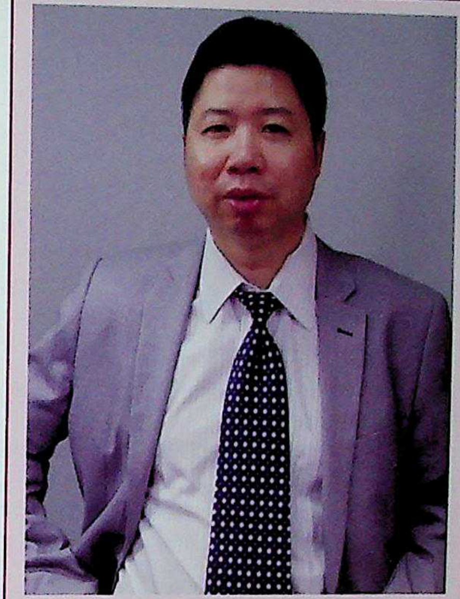
At present, the field of human resources in China is both extremely important and at the same time under-developed. The demand for better human resource outcomes is creating considerable interest in human resources among new managers, and the rise of this new generation will likely increase the pace at which practices change.

The State of HRM in China

The big story behind the growth of the Chinese economy has been the low cost and abundant supply of labor for factory jobs. That abundant supply of labor created workplace discipline – do what we say or we will replace you with someone who will – and kept wages low and performance high. To maintain that supply of labor, the east coast factories looked west and imported labor from rural western regions, housing them in dormitories. According to Kuruvilla et al (2011), the average employment arrangement in China is still characterized by highly precarious employment with low job security, relatively low wages and no benefits. About 40% of the workforce operates with these arrangements.

Given this simple model, it is not surprising that most of the HR functions in China have been administrative in nature. That is, they mainly processed paper – bringing new hires into the system and administering payroll. Supervision, the design and organization of work, and virtually everything else about the workplace was handled by line managers, subject more to government policies than to any company policies. To the extent that there were HR policies, they were highly standardized, slow to change, and governed by bureaucratic principles. Especially in the State-owned enterprises (SOEs), which are by far the largest employers in China, HR practices lack sophistication. Workplace problems – skill shortages, turnover, workplace conflicts – were more likely to be tolerated rather than addressed systematically, and the ability to tailor solutions to the unique aspects of those problems has been very limited.

Many of the constraints that continue to cause problems in the Chinese workplace are legacies from earlier Communist practices when everyone worked for the government, when operations were not subject to competitive pressures, and the need for change was very limited. In that context, firms did not lay off employees, and it was extremely difficult to fire them. Efficiency was rarely a concern, so improving performance was not a concern, either. Practices effectively treated everyone as equals, and when there was need for differentiation, as when senior positions had to be filled, the criterion for doing so was political



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rather than performance-related. These constraints exist now mainly in the SOEs, and they are slowly eroding as fewer individuals remember the old system.

HR: Support Function

The overall perception of HR has been of a supporting function, something that is necessary for business success, but that does not contribute directly to competitive advantage. There is no well-developed national HR professional association in China, which means lack of central influence on the HR direction or sharing of best HR practices (Cooke, 2009), and there is little evidence that HR leaders have knowledge of overall business operations outside their area.

The most comprehensive study of the current status of Chinese HRM practices and their relationships with firm performance in China was conducted by Akhtar, Ding, and Ge (2008). To investigate strategic HR practices and their impact on firm performance, a large-scale survey was conducted in three major cities, Guangzhou (36.1%,), Shanghai (26.2%), and Nanjing (37.6%), based on the sampling frame of the China Industrial Enterprises Database, collected by the National Statistics Bureau of China, to cover both manufacturing and service sectors. Among a sample of 400 Chinese firms, 29.2% were state-owned, 10.1% were publicly-listed, still 60.6% were foreign-invested. The general managers or their deputies responded to the firm performance questionnaires and HR directors responded to the strategic HR practices. Data was collected from multiple sources to match the responses so as to reduce the simultaneous bias in survey responses. Responses were obtained on a 4-point scale (1 = not at all accurate to 4 = very accurate) for the dimensions of the strategic HRM practices, and on a 5-point scale (1 = very low to 5 = very high) for the dimensions of firm performance. The responses suggest what practitioners believe is the relationship between specific practices and overall business performance. It is probably best to think of these results as indicating management perceptions rather than actual relationships, but they are nevertheless interesting. We think the authors asked about the presence of a number of HR practices, then factor analyzed them using principal component factor analysis followed by varimax rotation (Delery & Doty, 1996), which resulted in seven instruments (training, participation/voice, employment security, job description, results-oriented appraisal, internal career opportunities, and profit sharing).

Given that caveat, job descriptions and results-oriented performance appraisals are seen as most prevalent (mean scores of 2.80 and 2.70) followed by having better internal career opportunities (2.64), participation/voice for employees (2.59), and training (2.57). Profit sharing and employment security were seen as only weakly related to performance (1.69 and 2.41, respectively) and were not related to other HR practices. In terms of relationships with financial and product/service performance, firms with more of these practices (with the exception of profit sharing) also performed better. Given the limited nature of the cross-sectional data, it is difficult to say much about whether the HR practices caused these outcomes or were merely associated with them, but the results are intriguing.

The changing reality

The emerging story, and the one breathing new interest into human resources, begins with the exhaustion of the supply of cheap labor. Labor costs have risen from roughly US$ 0.5 per hour in 2000 to US$ 3.5 per hour in 2010, reflecting the tighter labor market for unskilled labor. Accounts from some of those factories suggest that wages for operators have risen 50% from 2010 to 2012. Turnover has become a real problem in these factories as the tables have turned: workers now hop from employer to employer, chasing higher wages and 'switching bonuses.' Shortages in key skills have emerged in the large coastal cities like Beijing, Shanghai, Guangzhou and Shenzhen. Anecdotal accounts suggest that wage levels for managers and executives are already at European levels and in some areas are climbing to US levels. The biggest skill gaps relate to managerial skills, especially as companies grow, become more complex, and move into new products and markets.

Further, labor problems and the increase of strikes and other labor disputes raise employee relations challenges that higher wages alone are unlikely to address. The Chinese government increased minimum wages in several of the key manufacturing provinces by as much as 30%. Although Chinese unions so far have little bargaining power with employers, they have been effective in lobbying governments to pass new contract and employment standards and laws, which reduce working hours and improve working conditions.

Employment issues becoming a challenge

An immediate result of these developments has been that many employers complain about the rigidity and high costs of the new standards and have made greater use of staffing firms to provide workers and non-standard employment contracts (part time, contract, temporary, etc) to avoid the legislative requirements. The consequence is that employment issues have become a much bigger challenge for the businesses and a more important factor in shaping their competitiveness.

Many Chinese corporations have become competitive globally, largely benefiting from the 'cost innovation' strategy which centers around leveraging low-cost and innovation by offering more technology, performance, and value with less money (Zeng, and Williamson, 2003, 2007). They take advantage of the loose spot of the global product market including the low end, the periphery, the eccentric demands, and unique niches. For example, 'national champions' are the domestic leaders who build global brands by identifying segments that global market leaders have dismissed because of low volumes or thin profit margins (examples are Haier, Huawei, Chonghong and Wanxiang).

'Dedicated exporters' set their sights on global markets by leveraging their economies of scale. 'Technology upstarts' capitalize on the large government-built infrastructure, R&D conducted by state-owned laboratories to obtain funding by commercializing the technologies (Beijing Yuande, Datang Micro-electronics, Tsinghua Solar). However, the major weaknesses of the Chinese corporations are weak and intangible initial brands, difficulty early in the product life-cycle, and dependence on the Chinese domestic market base; and the most important vulnerability is their inability to manage the complex systems of R&D, global supply-chains, manufacturing, logistics, marketing and distribution.

Managerial Talent: Now an immediate priority

At the executive level, the growing complexity of business has made managerial talent an immediate priority. CEOs looking at their operations see that business development imperatives create the need for new organizational competencies – how do we do market research, how do we do business in another country – that in turn creates the need for new management skills. Hiring those skills and creating a process where they might eventually be grown from within is now a pressing CEO-level concern, especially in the private sector companies as they are the most innovative.

Along with the emerging labor and skill shortages in the southern and coastal areas of China, hiring and training are increasingly considered as more strategic functions driving business outcomes. They also have increased R&D investments dramatically to facilitate the transition from labor-intensive manufacturing to a knowledge economy, focusing on innovation, for which talent is the key. Chinese unions are also found to contribute positively to both innovation inputs and outputs (Fang and Ge, 2012).

Chinese HRM in transition

For all these reasons, Chinese HRM is in substantial transition. Western consulting companies are everywhere in the Chinese business community, offering advice and training programs on topics like recruiting and skill development. Most of the privately held companies are so new that they represent something like a blank slate for experimenting, and the new ideas are western HR practices. Not surprisingly, the leaders in this area are foreign-based companies operating in China that adapt easily to these new challenges by bringing in practices from their home countries. Law et al supported this notion by combining the followers' perception of the leader and the role of HRM in the survey of 180 firms. They found that the effect of HRM on performance was stronger in Foreign-invested Enterprises (FIEs) than in the SOEs. Evidence suggests that the HRM functions were elevated to a level of strategic importance in Foreign-owned businesses in China (Braun & Warner, 2002). However, this is not to suggest that Chinese practices will converge with western HRM. Many factors affect the willingness to adopt western practices, such as firm size, age, ownership, and competitive strategy (Ding & Akhtar, 2001; Warner, 2003). Ahlstrom et al noted that WTO membership has increased the motivation for Chinese firms to implement strategic HRM while Wang and Zang (2005) suggest that because innovation is a top national priority for China now, HRM practices that contribute to it will more likely increase.

The continuing influence of Chinese culture

Cultural and political factors present the greatest barrier to a convergence of HRM practices with those in the west and are most likely to contribute to the development of HRM practices with 'Chinese characteristics'.

More than 5000 years of a continuous civilization creates a national culture that has far-reaching effects on management practices in general and HR practices in particular (Chen & Wilson, 2003; Ding & Akhtar, 2001; Zhu & Warner, 2004 a, 2004 b). Most observers suggest that any successful practice will need to adapt to the Chinese culture and that forms of management hybrids are already developing (Chen & Wilson, 2003; Taylor et al, 2001).

To illustrate, consider the topic of loyalty. In China, employees typically build attachment with the leaders of the organization rather than to the organization per se. It's fairly common when a leader leaves a company, many of the employees will follow him/her (Wang, 2011). This is perhaps not surprising in the business world given that the idea of a corporation is still relatively new, and there is no history of iconic corporations that transcend generations the way there is in the west.

Whether we can expect organizational commitment in Chinese companies is an interesting question. Perhaps commitment to the leader is enough, but what needs to be done to develop that commitment to leaders is likely to be different.

Shaping Organizational Culture

Chinese business leaders do seem very aware of the issue of organizational culture and their role in shaping it. This is arguably the 'glue' that ties individuals to the leaders of these companies, and it is likely to become a more explicit focus of attention in the future.

Chinese culture values hard work. Many employees work extra hours in the weekend and weekdays until late night even without overtime pay. Tung (1981) was one of the first to extol the virtue of the Chinese workers and emphasizes the need for foreign investors to understand the moral basis for the Chinese motivation. Perhaps the western focus on motivating employees is less of a concern in China. The bigger concern might be to avoid those factors that might distract and demotivate them.

One of those factors might be harmony. Chinese value harmony, and it is crucial to their view of a welcoming work environment. Chinese managers rely on Confucian principles to achieve that harmony or benevolence (Chew & Lim, 1995). Market pressures create changes that disturb harmony, however, and western HRM practices that focus on individuals rather than the workforce as a whole and that differentiate individuals in terms of rewards may further disturb harmony.

Relationship building is often seen as the most distinctive aspect of business in China. The concept of guanxi refers to informal social networks that not only influence social interactions, but also influence business interactions such as employment and financial transactions (Luo, 2000; Parnell, 2005). Guanxi is often considered a major barrier for foreign nationals attempting to establish western HRM practices such as purely merit-based recruitment and selection (Chen, Chen & Xin 2004; Zhu, 2005). For HRM, guanxi reflects the notion of trust that comes from experience. It is reflected in the fact that business leaders like to work with a team of employees that they know. They do not like to 'churn' executives the way we see especially in US firms, and there is a fair amount of loyalty from leaders to their followers in return. In that sense, these practices at the top level may resemble older corporate models in the US where lifetime employment was assumed. How CEOs will deal with the need to bring in new skills though, or whether talent can be rotated across roles to develop it – breaking at least in the short-term those working relationships – remains to be seen.

A final Chinese value, which exists in many Asian countries, is the value placed on 'face,' of avoiding personal embarrassment (Wang, 2011). Western HRM practices rely on promotions, dismissals, and other individualized outcomes that create winners, but also losers. Whether those practices can be adapted to the Chinese context remains an open question. If not, how Chinese businesses will deal with the challenge of moving the right people into positions whose requirements change is not obvious.

HR professionals also need to 'manage' and 'educate' senior leaders on important HR issues, show them the value of HR activities and practices. For example, the succession planning process in China is not transparent, HR professionals need to get involved in the decision-making process rather than take orders (Wang, 2011). HR also needs to develop world class leaders to meet the demands of local and multinational corporations.

The Future

China now is the second largest economy in the world, and the World Bank (2012) forecasts that it will be the largest economy by 2030. The business model that got it to this point – factories that relied on surplus labor to keep wages down and maintain workplace discipline – is already on the way out. Chinese businesses will have to find ways to deal with competitive labor markets, to train workers to meet skill needs, and to engage them in ways that substitute for labor market discipline. Much of that can be borrowed from the west.

They will also need to deal with the problems of change in the workplace – changing skill requirements, changing demands of workers. The pressures from markets for responsiveness will lead to intense pressures for adaptation at the managerial level. Western solutions to those problems conflict not only with existing Chinese practices, but also with Chinese culture. It is unlikely that Chinese businesses will follow them, at least not closely. The path they end up following is likely to be both unique and interesting.

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Brazilian MNCs: New mindsets for a promising new world

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It has been argued that companies should improve their global mindset in order to operate and compete in the complexity of global business. This has been an important issue for developed countries´ multinationals (early movers) which quickly realized that global alignment is not enough for competing abroad. In fact, the capability to respond locally, even in culturally distant cultures, has increased in importance. Emerging economies´ firms, in turn, are newcomers to global competition. For them, global mindset may also be an issue; it should be developed so that new opportunities can be explored in a scenario of global interconnectedness.

The increasing presence of organizations from emerging economies, such as the BRICS (Brazil, Russia, India, China and South Africa, among others), in global competition, configures a 'third wave' of internationalization (Fleury and Fleury, 2011). In the first two waves, early mover multinationals were predominantly North American and European companies in the first wave and Japanese in the second. Now, we observe the increase of 'new movers', emerging firms capable of challenging the dominance of companies from more developed countries.

Regarding Brazilian multinationals (BrMNs), seven of them are included in the ranking of Fortune 500, 2011 (there were only three in 2005 and six in 2009). Thirteen of them are currently among the 100 new global challengers (Boston Consulting Group Report 2011). Furthermore, the economic sectors in which Brazilian firms compete internationally are diverse; some examples are:

- Based on natural resources: Vale (mining), Petrobras (oil and gas)
- Basic inputs suppliers: Companhia Siderúrgica Nacional and Gerdau (steel), Votorantim (cement) and Braskem (petrochemical)
- Agribusiness: JBS-Friboi, Brazil Foods
- Complex products assemblers: Embraer (aircraft), Marcopolo (buses).
- Consumer products: Ambev (beverages), Coteminas (textile-apparel).
- Components and systems suppliers: Sabo (autoparts), Weg (electric equipment).
- Construction materials suppliers: Tigre, Duratex
- Information Technology: CI&T (business intelligence), Stefanini (software), Bematech (hardware)
- Engineering services: Odebrecht, Camargo Correa
- Other services: IBOPE, Fogo-de-chao, Spoleto, among others

Historically, Brazilian companies were slow to internationalize. It took them decades after their creation, in most cases. Their internationalization usually begins in Latin America (though there are exceptions), where they have a better understanding of the markets and cultural dynamics. In a second phase, they head towards more geographically and culturally distant regions; recently North America, Asia and Africa are becoming more important in regard to Brazilian outward FDI .

Those companies are, however, still taking their first steps towards their internationalization; constituting a recent process, intensified at the end of the 1990s. A few decades ago, they grew in a closed and protected economy and their business strategies prioritized exploring a huge domestic market. Could global mindset still be an issue for them? How does this dimension influence their internationalization processes? How has HRM helped to support the global mindset development of BrMNs´? These three questions guided the sections that follow. The answers are grounded in our research and in our experiences as professors and practitioners.

In order to shape a frame for the reader who is less familiar with the Brazilian firms´ internationalization context, we start with an overview in which its main milestones are presented.

Brazilian firms and the road to internationalization

Until the 1930s, Brazil was essentially an agricultural country. After the 1929 financial crisis and until post World War II, the country began to build its infrastructure and basic inputs industry. Between 1941 and 1953, large state-owned enterprises were created, like Companhia Siderúrgica Nacional (steel), Companhia Vale do Rio

Doce (mining) and Petrobras (oil). These companies, privatized during the 1990s, are currently important BrMNs. Between 1950 and 1970, Brazil became a major recipient of FDI, especially from the United States and Europe.

In the 1960s, Brazil went through a period of turbulence that ended with the 1964 military coup. It was a period marked by domestic investment and import substitution. Some Brazilian companies grew significantly in this context, especially in the capital goods sector and in the engineering services industry (some of these companies became BrMNs later; eg. Odebrecht). Nationalism and defense policies triggered the creation of companies related to the aerospace industry (eg, Embraer). Still in the 1960s, the petrochemical industry was developed through alliances between state capital, local private equity and foreign partners (tripartite model). Some of the business groups that were created in that period also originated companies that are, currently, BrMNs; that is the case of Oxiteno and Braskem.

The expansion in the late 1960s and early 1970s gave rise to the so-called "Brazilian Miracle" period, during which the country grew at annual rates of approximately 7%. The 1980s, in turn, is considered the 'lost decade'. It was the period of trade imbalance, low growth, and high inflation. In the late 1980s, greater political openness and the strengthening of democracy led to direct elections and to the end of the military dictatorship that had started in 1964.

Consequently, the environment in which companies operated until the late 1980s was characterized by a closed economy, and a large and protected internal market. In the case of the Brazilian firms, that stimulated a 'parochial' mindset among entrepreneurs and managers. Their strategic orientations were overly focused on domestic markets, totally avoiding international competition. An inward-oriented managerial style took place.

The exhaustion of the imports substitution model, however, created the environment for market opening, in the early 1990s. Since then, the most significant changes were conducted in the term of Fernando Henrique Cardoso and continued under Luiz Inácio da Silva and, currently, under President Dilma Roussef. They include the stabilization of the economy and the opening of internal markets, increasing the level of competition in Brazil. As in other Latin American countries, this period was strongly influenced by the prospect of trade liberalization advocated by the Washington consensus in the early 1990s. During that decade many state-owned enterprises were privatized; eg., Embraer and Vale. Also a number of important M&As took place (eg., Ambev).

The continuous exposure to new management models and the increasing competition for the domestic market led to changes in local management models and furthered the development of a more global view of the world among managers and entrepreneurs. The Mercosur experience (1990s) stimulated a global mindset among business people and prepared firms for new patterns of competition. Since the 1990s, foreign direct investments of Brazilian firms have dramatically increased.

How "globally minded" are BrMNs?

In order to answer this question, we carried out a survey with 64 of the largest BrMNs, companies holding assets and operations abroad. We invited their senior managers in charge of international operations to fill out a questionnaire that contained nine global mindset-related items. This global mindset scale was based on the work of Yin et al (2008) and encompassed dimensions that we will now discuss.

Figure 1: Dimensions of global mindset

GLOBAL ORIENTATION	To make efforts to understand foreign markets (customers, competitors and market conditions); to make a large investment commitment internationally; to create a worldwide web of relationships (suppliers, distributors, peer firms and customers).
GLOBAL KNOWLEDGE	To have knowledge of foreign cultures; to have knowledge of the industry and markets on a global scale; to have the capability to recognize new global opportunities.
GLOBAL SKILLS	To have cultural sensitivity and to be able to work with people from different cultures; to have staff members who are proficient in English and in the languages spoken in key foreign markets; to have managers that can easily adapt to the foreign subsidiaries' environments.

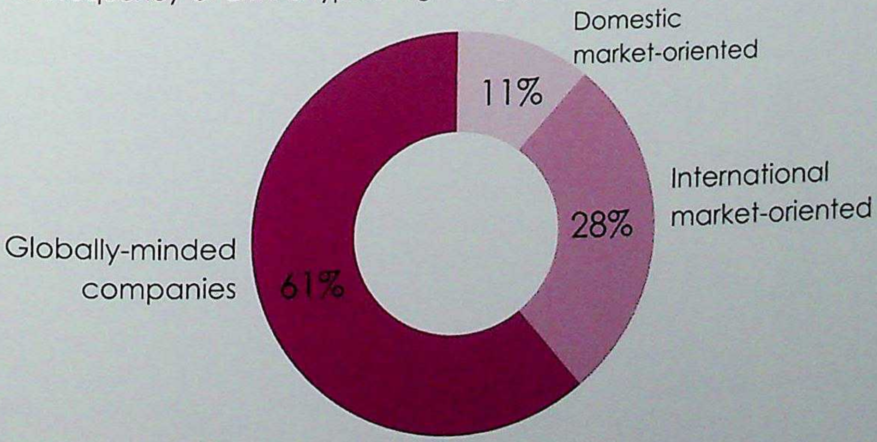
The outcome revealed three clusters of firms: the domestic market-oriented, the international market-oriented, and the globally-minded companies.

Figure 2: Levels of global mindset of BrMNs

	Domestic market-oriented	**International market-oriented**	**Globally-minded companies**
GLOBAL ORIENTATION	Low	High	High
GLOBAL KNOWLEDGE	Low	Moderate	HIgh
GLOBAL SKILLS	Low	Low	High

The first cluster ('domestic market-oriented firms') is the smallest and comprises mainly organizations that have just begun their internationalization and operate mostly in Latin American countries; their commitment to internationalization is less strong and they are still developing knowledge and skills required to operate in other countries and cultures.

Figure 3: Frequency of BrMNs types, regarding global mindset



The second cluster encompasses firms that have a strong commitment to internationalization – in fact, they already operate in a broad range of countries – and have knowledge of foreign environments and industries. Those companies ('international market-oriented firms') lack, however, cross-cultural skills to operate abroad. This may be a tricky condition: although they are highly engaged in their internationalization strategies, they still have to develop skills that are very helpful with regard to understanding foreign markets and cultures. Furthermore, the lack of those global skills may interfere with their capacity to build partnerships and external networks, to adapt products/services and operations locally, and to manage cross-cultural teams and foreign employees.

The highest global mindset scores emerged among companies that are already very internationalized and have a presence in multiple continents (this is the case of well-known Brazilian companies such as Embraer, WEG, and Vale).

In general, the broad picture may seem positive: most of the surveyed companies are globally-minded, suggesting that Brazilian firms may have undergone changes in this dimension. However, this result should be considered with caution. First, 39% of them are among the international market-oriented and domestic market-oriented firms; taken together, those clusters comprise a larger group of companies that still lack global skills. Second, and more importantly, these results apply only to some of the most internationalized and largest Brazilian companies (that composed the sample). Hence, they should not be generalized to smaller firms and to the ones that still intend to enter global markets.

Why does global mindset matter?

First of all, it may have an intimate connection with a firm´s international strategy as it reflects the (global) strategic views and knowledge of its executives. In fact, through an exploratory research that involved 30 major Brazilian companies, we identified that the level of global mindset may be linked to different 'strategic orientations', following the typology proposed by Miles and Snow (Miles & Snow, 1978; Thomas & Ramaswamy, 2005), which comprises: prospective, analytic, defensive, and reactive strategies.

Figure 4: Strategic orientations and global mindset levels

HIGHER GLOBAL MINDSET ↕	**PROSPECTORS:** These firms operate in broader markets and tend to offer a large array of products/services. They seek to be among the ones that launch new products, respond fast to emerging opportunities and to changes in the business environment.
	ANALYZERS: Maintain a relatively stable and limited line of products. Are rarely the pioneers in innovations or new markets. They carefully scan the actions of competitors to define their strategies often following their steps.
LOWER GLOBAL MINDSET	**REACTORS:** They do not have a very clear strategy, preferring a stance of 'wait and see.' Tend to venture into new products/services when threatened by competitors or to maintain profitability.

The outcomes revealed that, among BrMNs, prospectors (50%) have the highest global mindset scores, followed by analyzers (36.7%). Reactors (10%), in turn, present the lowest scores. In practical terms, an increase of global mindset may be related to the adoption of more active and competitive strategic approaches in the international arena.

Although reactive strategies have been less prioritized by the firms of this sample, the opposite has often been observed in real life. In fact, many Brazilian companies learned to operate in turbulent and unpredictable economic scenarios. Although these conditions stimulated adaptability and flexibility, they also improved a tendency towards reactive management approaches and planning avoidance. In fact, Suli and Escobari (2004) described Brazilian managers as "pilots racing on unknown tracks in the midst of a fog: as they can only see what lies ahead very vaguely, they must learn to react quickly to the changes that are typical of an environment that is in constant transformation". The results of this exploratory research indicate that through the accelerated exposition to global competition – and the learning processes associated with it – the managerial style in BrMNs may have undergone changes.

Another interesting effect of global mindset relates to its influences on the management of foreign subsidiaries. Our previous research (Reis and Fleury, 2011; Reis et al, 2012) indicates that the level of global mindset may influence the performance and competence development of subsidiaries. In both cases, global skills and cross-cultural capacities play a central role; these factors had the most important impacts on them. For performance, the following aspects were considered in a composite index: return on investments, profitability, sales growth and market share. When those dimensions were tested separately, a specific effect on the market share of subsidiaries was also identified. Therefore, weaknesses regarding global mindset may lead to mistakes in product adaptation, development of distribution channels, brand positioning, and even the understanding of consumer markets abroad.

Influences on the Foreign Subsidiaries of BrMNs

The competences of subsidiaries, in turn, comprised: development of products and services, production/operations, marketing and sales, human resources and management competences, amongst others. The development of competences (or the adding of value to the existing ones) may have an important role for the international competitiveness of BrMNs, as some of them can rely less on pre-existing competences than their 'early mover' competitors. In fact, firms from emerging economies should develop new competences throughout their internationalization in order to achieve stronger competitiveness.

In some cases, the competences of subsidiaries may be transferred to other units or to headquarters benefiting the multinational network as a whole. Globally-minded companies tend to stimulate competences development activity, through the recognition of potential global contributors. Furthermore, they tend to decentralize knowledge creation and competences sharing.

Summing up, some pieces of evidence reinforce the importance of the global mindset claimed by business literature. In the specific case of BrMNs, it is apparently interwoven with business strategy, competence development (and transfer), and the performance of subsidiaries.

The interplay between global mindset and HRM

We have also observed – among the 64 firms we surveyed – that the level of global mindset of BrMNs is associated with their international human resource management patterns. The figure below shows the extent (low, high, moderate) to which each BrMN type has well defined HRM strategies and policies for their international endeavors (Global HRM strategies). This emphasizes a global alignment of HRM among subsidiaries as well as the possibility of recruiting, retaining, developing and rewarding people globally, in accordance with the company´s internationalization strategy. As it can be observed, globally-minded companies were the ones that exhibited the highest levels with regard to global strategies.

The figure also shows to what extent each type has been able to adapt and adjust HRM policies to local realities (cultural, labor profile, legislation, etc) in which subsidiaries operate. Again, globally-minded companies achieved the highest scores, indicating that they are the most committed with both global strategies and local adaptation; they coordinate simultaneously, global alignment and local response. Domestic market-oriented firms, in turn, prioritize local adaptation; they tend to adopt a reactive posture, defining practices and policies based on emerging projects and recent acquisitions; sometimes HRM practices are not changed at the acquired firm. Finally, international market-oriented companies form a heterogeneous group, still learning how to implement HRM abroad. In some cases (eg. in culturally distant markets), HRM is delegated to local partners.

Although the survey outcome does not allow to identify the causality direction – which comes first: HRM or global mindset? – we have observed that HRM strategies may intensely contribute to enhance global mindset. In fact, the most globally-minded BrMNs have adopted some of the following practices:

- International HR management long-term planning (attraction, development, compensation, etc).
- Implementation of policies for attraction and retention of global talent. Selection of professionals abroad, transferring them to other units.

Figure 5: Degrees of global HRM strategies and HRM local adaptation

	Domestic market-oriented	International market-oriented	Globally-minded companies
Global HRM strategies	Low	Moderate	High
HRM adaptation abroad	Moderate	Moderate	High
Frequency	11%	28%	61%

- Selection of Brazilian executives and technicians having an international background or having careers previously in foreign multinationals. Professionals experienced in highly culturally distant regions have been particularly treasured, especially those equipped with knowledge of Asian operations.
- Intensification of international assignments, still in initial phases of careers. Assignments to strategically relevant

units and markets have been prioritized.

- Selection of expatriates based on multiple attributes, not only technical (eg cross-cultural competence and learning capacities). Preparation of expatriates to work in other cultural environments.
- Expatriation and international mobility have been managed as a mechanism for sharing competences (rather than a mechanism for control).
- Wages linked to company global performance.
- Inclusion of international business courses in corporate education. Investments in international MBA programs and international training programs.

These initiatives are more common, however, among highly globally-minded companies, which rely on mature HR management strategies, usually influenced by foreign multinationals' best practices. A number of firms rely, instead, on less structured HR initiatives, prompted by immediate needs (eg, new international operations or acquisitions). Besides, we notice that the presence of foreigners on BrMNs' boards and in strategic positions is rather uncommon. On the other hand, the preparation of expatriates is essentially informative (on other cultures), with less importance given to behavioral aspects and self-awareness.

Concluding thoughts

Brazilian firms were shaped in a very specific cultural, historical and institutional context, which influenced the formation of their competences and management models. Past legacies are, however, 'dynamic' (Berger, 2005): while they are strongly rooted in the past, they may be reframed by choices and opportunities of the present and by international competition. In order to capture emerging opportunities in a 'brave new world', BrMNs have redefined the way they see the world.

Consequently, it has been observed that globally-minded firms co-exsist with companies that still focus on local markets and prioritize reactive strategies. Although the general scenario looks positive – most companies having developed their global mindsets – we do have some concerns that lead to further questioning. We wonder if companies which have still not pursued an international path are doing their homework, developing the required competences and world view to be able to face global competition. On the other hand, how can policy makers, business organizations and business schools contribute to the development of these aspects in an articulated and sustainable manner?

Regarding HR management, we notice that it may have a relevant and proactive role in the process of reframing the legacies of the past and in the development of a global mindset. However, further questions arise: to what extent do the solutions learnt from 'early mover' multinationals apply to BrMNs? Wouldn't it be advisable for BrMNs to learn how to develop tailored HR practices that are more suitable to their unique features and internationalization patterns? Finally, to what extent are HR professionals ready (and fully prepared) to engage in that role and to develop innovative approaches? Have they already developed the required competences and mindsets to activate changes that are necessary in a promising new world?

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ArcelorMittal in Middle Kingdom

Vijay Bhatnagar and Sanjay Sharma

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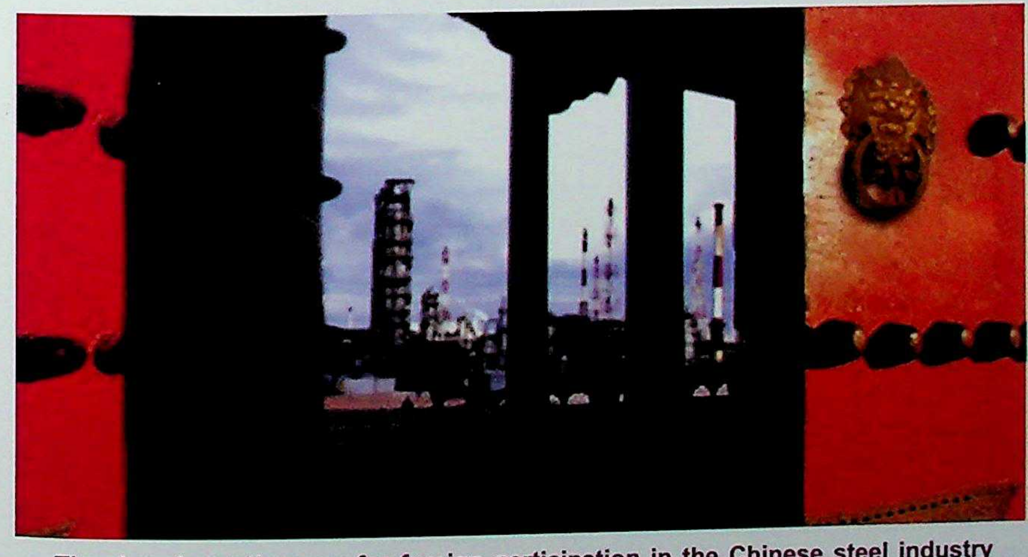
Vijay Bhatnagar holds a BTech in Metallurgical Engineering and is an alumnus of the AMP of the Harvard Business School.

Sanjay Sharma is COO of Hunan Valin Steel (a JV of ArcelorMittal in China) and also serves as Chief Representative. His earlier roles in ArcelorMittal were General Manager- M&A and Deputy GM – Marketing. He was part of the first team on the ground to build ArcelorMittal's China operations from scratch. Sanjay Sharma worked earlier at McKinsey and SAIL.

Sanjay Sharma has an MBA from INSEAD and a BTech (Honours) in Metallurgical Engineering from IIT.



The door is partly open for foreign participation in the Chinese steel industry

Guess which is the farthest city from any sea? Its Urumqi, the capital of Xinjiang province, which shares borders with Russia, Mongolia, Kazakhstan, Kyrgyzstan, and Tajikistan. The nearest sea from Urumqi is not the North China sea, (3,300 Kms) but the Caspian Sea (2,250 Kms). ArcelorMittal's entry into China was through Urumqi in early 2000 where it set up its first representative office. Urumqi has historically been an important town on the northern direction of the Silk Route, a network of trade routes that also facilitated cultural exchanges throughout Eurasia.

Most of the global companies move to China for competitive sourcing and access to a low-cost skilled workforce. However, contrary to this trend, ArcelorMittal entered China to sell steel. During the late 1990s and early 2000s, China was a net importer of steel and ArcelorMittal met this demand gap by importing steel from its other cost-competitive locations. In 1996, ArcelorMittal acquired an ailing steel plant in Kazakhstan and the turnaround of this plant positioned ArcelorMittal as best suited geographically to serve the north western region of China through the rail transport network. With further acquisitions of underperforming steel plants in Eastern Europe and Africa in the early 2000s, ArcelorMittal was even better positioned to meet China's steel import requirements. Building upon its initial experience of the first representative office of Urumqi, ArcelorMittal extended its footprint and set up offices in Beijing, Shanghai, Guangzhou and Chengdu.

Putting the team in place

This early success and subsequent rapid expansion was achieved by a motivated bunch of people whom ArcelorMittal took great care and pains to nurture and develop. While selecting people for overseas assignments, the essential attributes that ArcelorMittal seriously looks for are the ability to thrive in an unknown environment, the thrill and excitement of experiencing a new and different context and being at ease with uncertainty. Infact, ArcelorMittal's constant endeavor to foster a spirit of adventure and curiosity among its employees has paid rich dividends in terms of its numerous successful operations in new and unknown markets from Brazil to Ukarine to Romania, the Czech Republic, Poland, Liberia, and the list goes on. The culture and focus of the company has led to a natural selection of managers who are at ease with multi-tasking, multi-functional roles, multi-lingual workplaces, who adapt quickly to different environments and are globally mobile. The company encourages its managers to gain first hand global exposure by working and living in different geographies. Thus, success in China was no surprise and certainly no exception!

Keeping the big picture in mind

ArcelorMittal's core theme of building a successful business has been its focus all along on always keeping the bigger picture in mind and commitment to audacious goals without losing attention to the finer details and demonstrating discipline in implementation. It is this very theme that helped ArcelorMittal challenge traditional local or national mindsets that had plagued the steel industry all along. And it is this very theme that led Mr L N Mittal and his senior management team to globetrot to identify business opportunities.

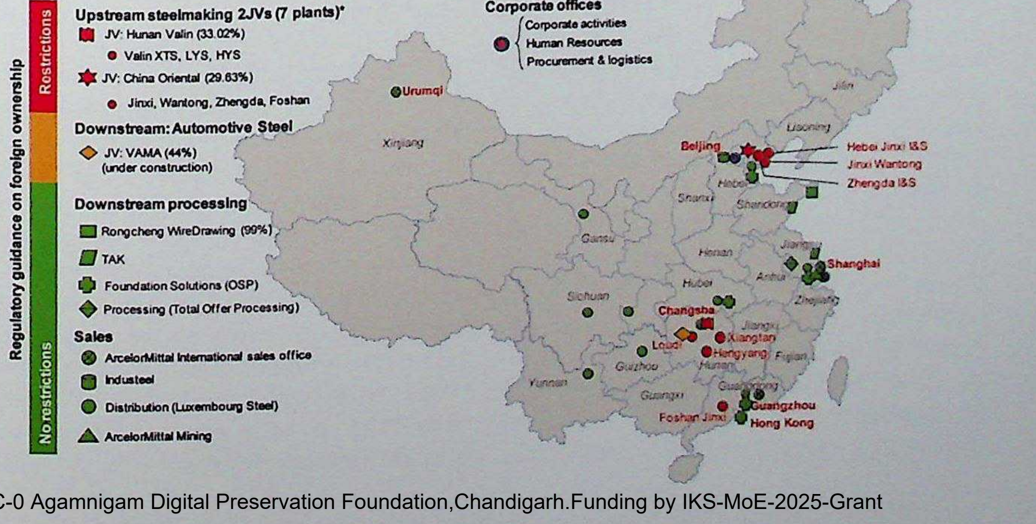
In the early 2000s when China was the largest global importer of steel, business thrived for ArcelorMittal. However, Mr L N Mittal firmly believed that the future of China could be secured only if steel could be made locally. Between 2002 and 2004, multiple potential acquisitions were scanned across China – from plants in Xinjiang in North Western China, to Liaoning in North Eastern China, to the coastal provinces of Shandong, Jiangsu, Zhejiang and several other locations in Central and Southern China. Many of these visits were led my Mr Mittal himself. All these efforts fructified in the first-ever investment by a foreign company in the Chinese steel industry in January 2005, through the acquisition of 37% shareholding in Hunan Valin Steel, a holding company of three integrated steel plants in the Hunan province of Central Southern China. In 2007, ArcelorMittal concluded another major investment in a Hong Kong listed company with three plants in Hebei in Northern China.

Growth of the Chinese steel industry

In the past decade, the Chinese steel industry has grown beyond what anyone could forecast! In 2001, the Chinese steel industry produced 150 million tonnes, representing 18% of global steel production, with only one Chinese company in the top 10 global steel producers. In 2011, China produced 685 million tonnes of steel, representing 47% of global production and six Chinese companies found themselves in the top 10 global steel companies. In the corresponding period, India's steel production grew by 40 million tonnes, from 27 million tonnes in 2001 to 68 million tonnes in 2011. The Chinese steel industry grew by an average of 50 million tonnes per annum over the last ten years ie, adding roughly 1 million tonnes per week, and such expansion involved an estimated capital outlay of around USD 500 million per week!

Thus, beginning with a small representative office, ArcelorMittal has over the past 12 years, established itself as one of the largest foreign steel players in China with two large steel joint ventures running seven steel plants, several joint ventures in downstream activities, construction of a greenfield joint venture for automotive steel at an advanced stage of completion and multiple sales offices for high-end steel and iron ore sales. ArcelorMittal's employee strength in China is over 1,000 while the ArcelorMittal JVs employ over 41,000 people with a turnover exceeding USD 18 billion. This success clearly underscores the importance of having a compelling vision and putting the right people on the ground to flawlessly execute strategies and plans to realize that vision.

ArcelorMittal's footprint in China


Regulatory guidance on foreign ownership
Restrictions
No restrictions
Upstream steelmaking 2JVs (7 plants)*
JV: Hunan Valin (33.02%)
Valin XTS, LYS, HYS
JV: China Oriental (29.63%)
Jinxi, Wantong, Zhengda, Foshan
Downstream: Automotive Steel
JV: VAMA (44%) (under construction)
Downstream processing
Rongcheng WireDrawing (99%)
TAK
Foundation Solutions (OSP)
Processing (Total Offer Processing)
Sales
ArcelorMittal International sales office
Industeel
Distribution (Luxembourg Steel)
ArcelorMittal Mining
Corporate offices
Corporate activities
Human Resources
Procurement & logistics
Urumqi
Xinjiang
Jilin
Liaoning
Beijing
Hebei Jinxi I&S
Jinxi Wantong
Zhengda I&S
Hebei
Shanxi
Shandong
Gansu
Henan
Jiangsu
Shanghai
Anhui
Hubei
Zhejiang
Sichuan
Changsha
Jiangxi
Loudi
Xiangtan
Hengyang
Fujian
Guizhou
Hunan
Yunnan
Guangxi
Guangdong
Guangzhou
Foshan Jinxi
Hong Kong

Managing business in China

China's growth over the past three decades has opened up opportunities galore for MNCs across the spectrum. These opportunities are unevenly spread across industries, largely dependent on the regulatory environment. Depending on the nature of the industry, the door may be wide open, ajar or even tightly shut. While industries like retail, pharmaceuticals, and manufacturing assembly lines are allowed to have 100% foreign ownership, the automotive sector is allowed a 50-50 ownership structure and a few industries like banking, insurance, oil exploration and steel that are considered strategic businesses, allow only a non-controlling interest. Like any emerging market, China offers its own business complexity and its own unique characteristics. China's growing dominance, both politically and economically on the world stage has further bolstered Chinese confidence in their way of doing business. Each MNC needs to find its own sweet spot along the industry value chain, based on the competitive landscape and prevailing regulations.

The JV route

The essential route for participation in the Chinese steel industry is through joint ventures. Most of the foreign steel players viz ArcelorMittal, ThyssenKrupp, POSCO, JFE, Nippon, etc operate in China through JVs. Policy restrictions vary across the value chain of the steel industry and this is the guiding factor in determining the nature of the foreign player's participation. For large integrated steel plants, only non-controlling interest in ownership is permitted, while for downstream operations a 50-50 JV is allowed. For downstream processing businesses such as steel service centers, 100% foreign investment is permitted. The portfolios of Japanese and Korean companies operating in China are skewed towards downstream businesses. ArcelorMittal has positioned its businesses across the entire value chain, with the portfolio skewed more towards upstream steel making assets.

Joint venture management is a key aspect of managing business in China. ArcelorMittal's China JVs are in a variety of forms, ranging from minority participation in State-owned Enterprises (SoEs), to minority participation with private entrepreneurs, to controlling positions in smaller scale operations. Each JV presents its own uniqueness, complexity and challenges.

Joint venture with SoEs

ArcelorMittal's investment journey in China began by acquiring strategic stakes in the steel business of the Hunan Valin, which is owned by the Hunan Government. This was the first foreign investment in the upstream Chinese steel industry. Hunan Valin was established 13 years ago, during the first wave of industry consolidation, through the merger of three ailing Chinese steel plants in Central Southern China. Over the past decade the company has grown five-fold from a mere three million tonnes per annum to a capacity of over 15 million tonnes per annum. Valin Steel is listed on the Shenzhen Stock Exchange, has a turnover of over USD 11 billion, and employs over 33,000 people. Valin is the largest enterprise in the province and contributes significantly to the province's GDP. Hunan province's GDP in 2011 was around USD 320 billion (similar to state of Maharashtra). In view of the scale and size of the operations and it's social and economic impact, it is but natural for the government to be one of the key stakeholders. Like other SoEs, the Valin leadership also has dual roles of meeting government priorities and market expectations.

Building a culture of trust

Beyond all business parameters, the success of the joint venture depends largely on the ability of the partners to build a culture of trust at the personal level and lasting levels of mutual trust. It is essential that a high level of trust is built in relationships at all levels: operating, management, board, shareholder, stakeholders at large including at the provincial and central government levels. Building and nurturing relationships across a wide range, requires managers with a high bandwidth of engagement and cultural sensitivity. Interactions with the key stakeholders and decision-makers is carefully thought out and a high rigor is maintained to ensure propriety and humility at all levels. ArcelorMittal's engagement at the JV is at three levels. Firstly, at the government level the relationship is led by Mr L N Mittal, at the level of the Group Management Board; secondly at the Board level of the JV, and thirdly at the management level through a joint management team. Chinese JV partners prefer that candidates for such roles should have proven credibility with the decision-making team at the Corporate office, are passionate about building the business and have a good understanding of the business and cultural environment in China.

The company is further strengthening its relationship with Hunan Valin through a greenfield plant for automotive steel. which is at an advanced stage of finalization. This will entail a capital outlay exceeding USD 800 million. ArcelorMittal gained experience of the Chinese automotive market through BNA, which was a tripartite JV between Baosteel (50%), Nippon Steel (38%), and ArcelorMittal (12%). Last year ArcelorMittal sold its stake to Nippon Steel to focus on this greenfield joint venture, where it has a substantially higher shareholding and management participation. With several years of experience in China now, the company is keen to move beyond just investing to taking a more active role in managing the businesses. In this new greenfield JV, the partners have invited ArcelorMittal to nominate managers for the key positions – CEO, CTO and CMO.

JV with private entrepreneurs

The second major step was through investment in China Oriental, which was established by private entrepreneurs and listed on the Hong Kong Stock Exchange. China Oriental operates three plants in Hebei province, Northern China and one in Guangdong. Hebei is home to almost 25% of Chinese steel making ie, producing roughly the equivalent of Europe's steel production capacity or almost twice that of India's. When ArcelorMittal acquired a stake in 2007, China Oriental's capacity was four million tonnes with revenues exceeding US$ 2 billion. In the past five years, through organic and inorganic growth, it has grown by almost 200% with revenues exceeding US$ 6 billion and capacity of 10 million tonnes, employing over 8,000 people. The Government considers steel to be a strategic industry and it is reflected in the ownership structure of the top 10 Chinese steel players, whereby nine are government owned. On the one hand, private entrepreneurship has the advantage of responding to the market swiftly, while on other hand private ownership is also perceived as a disadvantage in a government ownership dominated industry landscape.

JV with a controlling stake

Satisfied with its experience and confident of doing business in China, ArcelorMittal went on to establish JVs with private investors in downstream products. As downstream processing businesses have no restrictions on foreign ownership, ArcelorMittal decided to leverage its expertise in high technology oriented products such as sheet pilings and wire solutions. The sheet piles are used in laying the foundation for the critical infrastructure projects. The thin wires have myriad applications ranging from barbed fencing, steel cords, tyres, as tools for cutting silica wafers for photovoltaic cells, etc. The business of Rongcheng Wires located in Shandong province was acquired from a private investor, who considered it a non-core business. ArcelorMittal turned around this underperforming asset to the extent that it is now the key production center for ArcelorMittal's global steel cord business. The highlight of the operational turnaround is reflected in its safety indices, and in 2010, Rongcheng became a model plant within ArcelorMittal, achieving zero accidents.

ArcelorMittal, as a strategic investor in various Chinese JVs has invested over US$ 1.6 billion. In addition to the capital outlays, the JVs have gained on productivity improvements and internationalization of the business. Firstly, productivity gains have been achieved through operational improvements, sharing of best practices and new product development through technical assistance. Secondly, the internationalization of JVs through the introduction of modern management practices, enhancement of governance standards and support in accessing international capital markets. Modern management practices need to be adapted to the local context.

The strong influence of Confucianism, which accords very high priority to order and stability over other issues, has a major role to play. In a hierarchical society anything that potentially distorts the role of the chosen leader has a greater likelihood of failure. Flat organizations and matrix structures require a conceptual leap for most people who have been raised in the Chinese milieu.

The uniqueness of working with a JV

Based upon our experience we recognize that working in a JV is not everyone's cup of tea. Some executives who were highly successful in their earlier assignments do not quite achieve the same results in JVs. The JV environment does not generally facilitate full control on decision-making and one needs to be adept at working as a collaborator. It requires the ability to integrate best practices of the West with complexities and contrasts of the work culture in China. Managers need to be comfortable with managing uncertainty and with putting together multiple scenarios with several moving parts. The age profile of business leaders in China is comparatively younger, due to rapid progress of the country and hence enormous maturity is required when dealing with people issues. Leaders with strong attributes of diplomacy, ability to build consensus, work towards converging divergent views, and able to build networks are more likely to succeed in a JV environment. While it is important everywhere, keen listening skills in China are all the more important, where one needs to listen to what is said as well as to what is not spoken and verbalized at meetings.

Leadership Development

In a continuously and rapidly evolving business context, the key to success is in building an open-minded team, adept at managing volatility and complexity. Leadership development in ArcelorMittal is taken as an organizational discipline. Recently ArcelorMittal was recognized by Aon Hewitt as one of Top Seven Companies for Leaders in Europe.

ArcelorMittal's Global Leadership Development

"We should not only continuously challenge and improve ourselves; we should also actively encourage and foster talent and responsibility in others. We want everyone in our company to find in their professional lives a capacity to accomplish themselves, to put the best into what they do. If you show initiative and accept challenges, then there will be no hindrance to your growth."

- Lakshmi N Mittal, Chairman & CEO

The unwavering commitment of the senior leadership to build future leaders is apparent through several initiatives rolled out across the organization. Two important tools of talent development strategy are the Global Employee Development Program (GEDP) and the ArcelorMittal University (AMU).

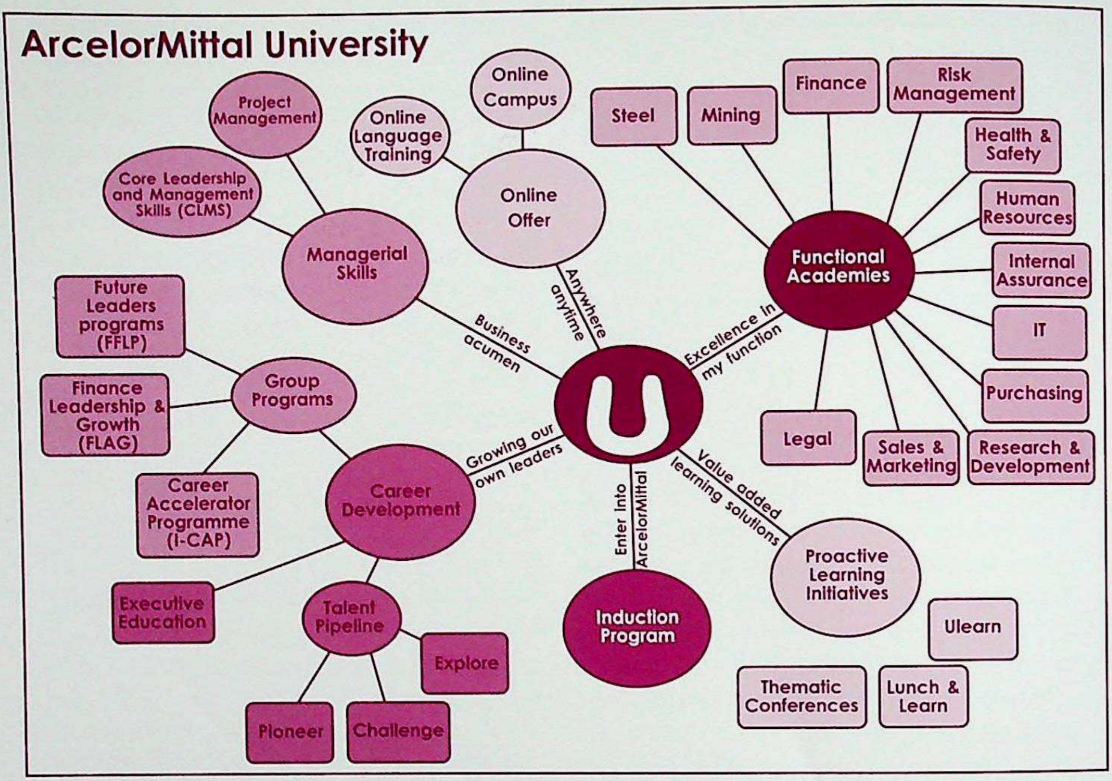
On a global basis, the GEDP helps in effectively managing performance assessment, and identification of potential and development needs. Key managers are assessed on five competencies of Change Management; Decision-Making, Results Orientation, Strategic Thinking and Teamwork.

ArcelorMittal University plays a key role in building individual capabilities. Leveraging internal expertise and tie-ups with leading global institutes, AMU has developed a wide range of functional and leadership programs to nurture a pool of future leaders to support the long-term success of the company.

ArcelorMittal Key Competencies

ArcelorMittal competencies are defined as critical behaviors that characterize desirable performance of ArcelorMittal people. The five key competencies are:

Key Competencies	Definition	Level I	Level II	Level III	Level IV
Change Management	Respond and adapt to changing circumstances and manage, solve problems and provide solutions in a climate of ambiguity	Searches and finds new effective ways to improve work processes; projects credibility and poise under difficult or adverse conditions	Prepares local team and organization to deal with change	Integrates change efforts to maximize effectiveness and speed of change; quickly responds to unforeseen changes in the business.	Guides the evolution of the industry by identifying opportunities for change to 'transform tomorrow'
Decision-Making	Make well-informed, effective and timely decisions; Make tough decision when necessary	Makes appropriate, clear decisions and recommendations based on a review of facts, priorities, resources, constraints and alternatives	Demonstrates the ability to make firm decisions in most cases, only seeking guidance from higher level leaders in cases of unusually difficult decisions	Accepts responsibility for making key regional decisions	Integrates ArcelorMittal values into the fibre of the organization and reinforces their importance in decision-making
Results Orientation	Focus efforts and prioritize work to deliver sustainable business value	Pursues individual goals with energy and persistence, setting high personal standards of performance	Effectively manages team performance to achieve results	Sets regional goals that support corporate goals and KPIs	Creates performance culture and outlines the structure to support achievement of goals
Strategic Thinking	Inspire commitment to a vision of success and create a unified and customer-focused organization	Stay on top of emerging trends in the field of expertise in an entrepreneurial and innovative way	Demonstrates ability to operationalize strategic decisions through systems thinking, planning and measuring progress	Translates strategies into business plans and tactics and modifies the plan based on changing conditions	Identifies, conceptualizes and synthesizes new trends and connections between organizational issues and translates them into priorities
Teamwork	Work collaboratively with others to achieve common goals and positive results	Aligns personal objectives with team objectives	Manages team dynamics for overall success	Builds strong teams that capitalize, competencies and background	Leverages the benefits of diverse teams for the achievement of business results


ArcelorMittal University
Project Management
Online Campus
Online Language Training
Core Leadership and Management Skills (CLMS)
Online Offer
Managerial Skills
Steel
Mining
Finance
Risk Management
Health & Safety
Human Resources
Internal Assurance
IT
Purchasing
Functional Academies
Future Leaders programs (FFLP)
Business acumen
Anywhere anytime
Excellence in my function
Group Programs
Finance Leadership & Growth (FLAG)
Growing our own leaders
Legal
Sales & Marketing
Research & Development
Career Accelerator Programme (I-CAP)
Career Development
Enter into ArcelorMittal
Value added learning solutions
Proactive Learning Initiatives
Executive Education
Talent Pipeline
Induction Program
Ulearn
Explore
Thematic Conferences
Lunch & Learn
Pioneer
Challenge

Talent Management

The management term 'Glocal' aptly defines ArcelorMittal's philosophy of being global while being local in each market. ArcelorMittal has looked at a two-pronged approach to talent development. The first is to make global managers local and the second is to make local managers global. Global managers bring in industry, functional and company specific knowledge to the table and the local managers bring in local business specifics and cultural sensitivity. It is difficult to imagine a single location experience for a leadership role in ArcelorMittal and managers are encouraged to move around the world and manage businesses to gain first hand experience.

To ensure swift movement of people across geographies, ArcelorMittal has standardized the process through the global mobility policy which covers a range of professional and personal issues. The global mobility team manages the 'match-making' of opportunities and the availability of managers for leadership roles.

In fact, over the past few years, a unique trend of reducing the allure for MNCs is evolving. In general, MNCs are preferred for offering higher compensation, better prospects and global opportunities. Two factors have compounded the shift in preference: firstly, the growing need for talent by Chinese companies to manage their rapid growth and secondly, the economic crisis in the developed world, forcing MNCs to provide a higher proportion of mindshare to the core markets. Earlier MNCs had to compete among themselves for talent, while in the last decade, with the rise of the Chinese companies, the war for talent has intensified further. The growth of Chinese companies is evident from the increase in the number of Chinese companies amongst the Global Fortune 500, it stood at 61 in 2010, having risen from a mere 10 in 2000.

To have a targeted approach to talent selection and acquisition, ArcelorMittal has chosen to work closely with two universities: Central South University (CSU) and China European International Business School (CEIBS). CSU is the largest university in Hunan with over 50,000 students and ranked among the top 10 nationally and CEIBS at Shanghai, runs one of the most sought after international MBA programs in Asia. Each year ArcelorMittal sponsors an internship program in the form of projects. It helps students gain a better understanding of the company prior to joining and additionally, on joining the company, students have a natural network of alumni in place.

Social Engagement

Social engagement is an integral part of the leadership values in ArcelorMittal. Like every other ArcelorMittal operation across the world, the China team is involved in several key initiatives focused on education, health and social promotion: sponsoring rebuilding of a 2,000 student school at Tainshui which was badly damaged during the Sichuan earthquake, scholarships at CSU, support in upgrading and expanding the heavy burn section in a hospital at Loudi and voluntary work at several selected places, such as at old age homes and a primarily school for migrant children.

ArcelorMittal's journey in emerging markets like China has just begun. An audacious and bold vision and the ability to adapt whilst focusing on implementation will continue to be the key building blocks of our success in emerging markets.

As water controls its flow according to the characteristics of the terrain, so is an army's adaptation to the situation to achieve victory.

In war there are no fixed situations and conditions, as in waterflow there are no constant shapes and configurations.

Those who are able to adapt and change accordingly with the enemy and the situation would emerge victorious.

Sun Tzu (孙武) a military general and strategist from 500 BC

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internet technologies
Parry infra
Chola MS
GENERAL INSURANCE
PARRYS
Coromandel
TI
INDIA
Parry Nutraceuticals
murugappa
CUMI
Chola
PARRY
AGRO
BSA MOTORS
PARRY
ENTERPRISES
LASER WORDS
COROMANDEL
ENGINEERING
Polutech
WENDT
Parry Murray
PLACON
Parry's
BIO

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Cholamandalam MS General Insurance ▪ Cholamandalam MS Risk Services ▪ Coromandel Engineering
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Business India
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Editorial Board

Dr PVR Murthy is the Managing Editor of the Journal. He is a product of IIT, Kharagpur and IIM, Calcutta with close to 30 years experience in the HR field. He is the founder of and runs an executive search firm, Exclusive Search Recruitment Consultants. Dr Murthy is associated with a number of academic institutions. He is trained in TQM from Japan and in OD Human Processes from ISABS and NTL, USA. He is the Past National Secretary of the National HRD Network.

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The National HRD Network, established in 1985, is an association of professionals committed to promoting the HRD movement in India and enhancing the capability of human resource professionals, enabling them to make an impactful contribution to enhancing competitiveness and creating value for society. Towards this end, the National HRD Network is committed to the development of human resources through education, training, research and experience sharing. The network is managed by HR professionals in an honorary capacity, stemming from their interest in contributing to the HR profession.

The underlying philosophy of the NHRDN is that every human being has the potential for remarkable achievement. HRD is a process by which employees in organizations are enabled to:

- Acquire capabilities to perform various tasks associated with their present and future roles;
- Develop their inner potential for self and organizational growth;
- Develop an organizational culture where networking relationships, teamwork and collaboration among different units is strong, contributing to organizational growth and individual well-being.

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